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NEWS SUMMARY

GENERAL

Egypt expels Soviet envoys

Egypt is to expel about 40 Soviet diplomats from Cairo and has asked the remaining Russian technicians in the country to leave in retaliation for the Soviet invasion of Afghanistan.

In a major speech yesterday, Egyptian President Anwar Sadat said the Soviet Embassy staff would be cut to seven, the same number as Egypt has in Moscow.

Margaret Thatcher said in the Commons that the UK faced a grave development in East-West relations. The Soviet action in Afghanistan and the arrest of Professor Sakharov showed a brutal disregard for international behaviour. Back and Page 8

Cell killing

Psychopath Vincent Smith, 20, who was serving a life sentence at Wormwood Scrubs prison for murder, killed minor offender Paul Lehair, also 20, who was put in the same cell, an Old Bailey court heard. Smith was sent to Broadmoor after pleading guilty to manslaughter through diminished responsibility.

Talks crisis

Four-week constitutional conference on Northern Ireland will reach its crisis point today when Ian Paisley, the main Unionist representative, is almost certain to be asked for his proposals on power sharing. Page 7

£1m silver theft

Silver worth about £1m has been stolen from a warehouse near Heathrow. A reward of £100,000 has been offered.

Detainees return

Sixty-two Rhodesian black nationalists who had been detained in Mozambique returned to Salisbury. They will be allowed to contest the elections, even though the legal time limit for registration has expired. Page 3

Japan chief quits

Japan's army chief resigned and 11 senior defence officials were disciplined in connection with the spy scandal. A retired major-general is alleged to have passed secrets to Moscow.

Sports protest

British candidates standing for posts in international sporting federations will be opposed by the 49 countries of the Supreme Council for Sport in Africa in protest against Britain's rugby links with South Africa.

Death sentence

South Korean military appeals court confirmed the death sentence imposed on the former Intelligence Agency director Kim Jae-Kyu for killing President Park Chung-Hee three months ago. The death sentence was also upheld on five other who were involved in the assassination.

Train accident

Seventeen people were taken to hospital after a suburban train ran into the buffers at London's St. Pancras Station. No one was seriously injured.

Briefly ...

Death toll from Cyclone Hyacinth on the French Indian Ocean island of Reunion rose to 15, most of them children.

Police were hunting two teenage boys in Geneva after an emerald worth $1m was stolen from Cartier's jewellery shop.

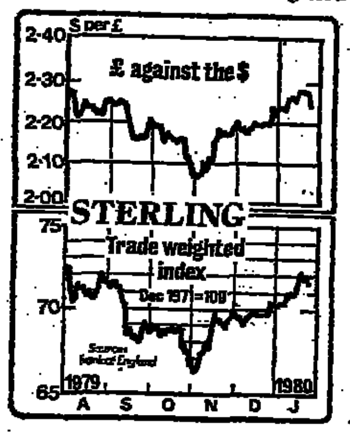
John Foster, 48, from Belfast, was found unharmed six hours after being kidnapped by four armed men while on holiday in the Irish Republic.

BUSINESS

Gold weaker; Sterling off 1.55c

● GOLD lost $35 in London to close at $635 after touching $613 soon after New York opened. Back Page

● STERLING fell to $2.2485, a loss of 1.55c, partly on steel strike fears. Its trade-weighted



index was 71.6 (71.9). DOLLAR traded within a narrow range and its index rose to 85.1 (84.9).

● EQUITIES opened firm, then drifted lower and the FT 30-share index gain was reduced to 1.2 for a close of 453.6. South African GOLDS followed the bullion fall and the Gold Mines index fell 13.7 to 311.2.

● GILT market was quiet and the Government Securities index dropped 0.14 to 67.64.

● WALL STREET was up 2.99 at 879.10 near the close.

● IRANIAN Central Bank has notified all U.S. banks operating in Iran that their licences have been cancelled. Page 3

● MOTOR products balance of payments for the UK was in the red for the first time last year with a £287m deficit. Back Page

● PORT OF LONDON Authority has warned it may transfer operations out of the India and Millwall Docks unless working practices are improved and manning levels reduced. Back Page

●... ENERGY companies would be invited to participate in an all-party energy studies group proposed by MPs and Page 6

● ALASKAN continental shelf may hold more oil than first thought, according to a new U.S. survey. Page 5

● GULF STATES plan to replace the Cairo-based Arab Organisation for Industrialisation with a $8bn arms industry. Page 4

● TURKISH Government has announced details of a programme to tackle nearly $1.9bn of arrears on unguaranteed suppliers' credits. Page 4

COMPANIES

● SHELL OIL, the U.S. subsidiary of Royal Dutch Shell, reported fourth quarter earnings up 72 per cent from $192.3m to $331.2m (£147.3m). Page 21

● ELLIS AND EVERARD, the industrial chemicals distributor, raised first-half pre-tax profits from £546,000 to £835,000 on turnover about 32 per cent higher at £13.96m. Page 18

● BRENTALL BEARD (Holdings), insurance broker, more than doubled its pre-tax loss for the year from £526,000 to £1.2m on turnover £2m lower at £2.51m. Page 18

● PHILIPS, the Dutch electrical group, is to sell its pharmaceutical subsidiary, Duphar, to the Belgian chemicals group, Solvay. Page 22

● DOLPHIN Investments has sold 62,500 ordinary shares in Furness Withy, reducing its holding from 11.2 per cent to 10.99 per cent. Page 19

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Automated Security	240	+ 7
Bowater	166	+ 4
Bowring (C. T.)	145	+ 4
Cawoods	158	+ 6
Centrovincial Estates	124	+ 8
Channel Tunnel	145	+ 47
Dyson (J. & J.)	54	+ 7
Ellis & Everard	134	+ 12
Eucalyptus	110	+ 13
Gibbs (A.)	80	+ 6
Gomme	52	+ 4
Hamilborne	70	+ 7
Lloyds Bank	308	+ 6
ML Holdings	240	+ 10
Martin The Newsagent	198	+ 6
Serck	46	+ 6
Sime Darby	88	+ 5
Wardle (B.)	28½	+ 3½
CCP North Sea	325	+ 20
Siebens (UK)	694	+ 44
Hidong Estate	72	+ 9
Malakoff	92	+ 20
Eagle Corp.	50	+ 8
Hampton Areas	305	+ 20
Mount Leyell	134	+ 14
Seltrust A	200	+ 8
Whim Creek	90	+ 8

FALLS

Treasury 12½% 2003-05 (£25 pd.)	£23¾	— ⅜
Associated Dairies	178	— 10
Bell (A.)	181	— 5
Macarthys Pharm.	100	— 4
Muirhead	193xd	— 8
Sainsbury (J.)	298	— 12
Sothebys	462	— 8
Tesco	68	— 2½
Bracken	172	— 21
Doornfontein	574	— 41
Leslie	132	— 13
Libanon	872	— 51
Marievale	159	— 21

Strikes at private steel plants may be called off today

BY CHRISTIAN TYLER, LABOUR EDITOR

Leaders of the Iron and Steel Trades Confederation may today call off, or at least suspend, their industrial action in the private steel industry after the ruling by the Court of Appeal on Saturday.

But thousands of steel workers yesterday ignored the ruling which granted an injunction against the union which had earlier in the week been refused by a judge.

The union said 43 out of the 44 steel works owned by independent producers had stopped, as 15,000 of its members expressed sympathy with their colleagues who have been on strike against the British Steel Corporation for four weeks.
machine thirty nine

The House of Lords Appeal Committee may decide on Thursday whether or not to grant the union leave to appeal to the Law Lords against Saturday's judgment by Lord Denning and two other judges. It was suggested yesterday that if leave was given, the Lords might take the case as early as Friday.

The political temperature of the dispute was raised yesterday by Mr. Arthur Scargill, militant president of the Yorkshire miners, who called on pickets to defy Lord Denning's decision. Several Tory MPs called in the Commons for his prosecution.

Union officials believe the effect of Lord Denning's judgment has been to increase, rather than weaken, the sympathy of ISTS members in the private sector. According to the ISTC, the only private steelmakers still operating was Sheerness Steel.

Although the union said last night it had not yet been served with a court order, its 21-man executive committee could risk a fine or jail for contempt if they decided to prosecute the strike in the private sector.

The officials actually named in the injunction are Mr. Bill Sirs, general secretary, Mr. Les Bramley, president, and Mr. Eddie Makepeace, vice-president.

Mr. Sirs, himself a magistrate and a lay judge on the Employment Appeal Tribunal, said yesterday that he was prepared to go to jail if necessary to defend a decision of the executive to disobey the law.

Speaking at a rally in Cardiff, called as part of a day of protest in Wales against threatened job losses in coal and steel, he said. "I don't want to be a martyr. But I have no intention of letting down my executive or the working class in general."

If he and his colleagues did go to jail, he said, there was no doubt but that there would be a "terrible explosion" in the trade union movement.

Mr. Len Murray, TUC general secretary, is now trying to bring the ISTC and the National Union of Blastfurnacemen back into talks with the British Steel Corporation.

He met leaders of the other nine unions in the industry

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ONE-DAY PROTEST IN WALES

Coal fields, railways, docks and many bus services were paralysed in South Wales yesterday by a one-day strike in protest against the threatened rapid run-down of the steel and coal mining industries there.

The Wales TUC said up to 2[illegible]0,000 people took part in the action. About 15,000 marched to a Cardiff protest rally. Back Page

Saudi Arabia raises oil price by $2 a barrel

BY RAY DAFTER, ENERGY EDITOR

SAUDI ARABIA, the world's biggest oil exporter, has raised its crude oil prices by at least $2 a barrel, back-dated to January 1. A further rise is being considered for April 1.

The move, widely expected, will bring Saudi prices more in line with those of other Gulf producers. It was felt within the oil industry last night that the action was unlikely to prompt other exporters to force up their prices again—at least for the time being.

The Saudis are raising the price of their Arabian light crude from $24 to $26 a barrel. This oil is normally used as a reference for pricing purposes. However, in recent months, there have been big differences in the prices of similar crudes, reflecting the varying stance of the pricing "hawks" and "doves."

Iran, for instance, is charging a contract price of $28.50 for its light crude although a number of companies—including Shell and British Petroleum—have agreed to pay $30 a barrel for bulk supplies. On the other hand, Iraq is charging $25.96 for its Basrah light crude and Kuwait has priced its light oil at $25.50.

According to industry reports, Saudi Arabia's State-run oil company Petromin has also raised the price of Arabian heavy crude from $23.17 to $25 a barrel. The price of Berri light crude is said to have gone up from around $24.72 to $27.52 while Saudi Arabia's medium crude is now costing $25.45 a barrel, an increase of $1.90.

It is understood that the Saudi Government has been working on financial projections based on a 15 per cent price rise between the end of last year and the second quarter of 1980. This would mean that Arabian light crude could be costing $27.60 a barrl by April.

Howver, much will dpend on whether th Organisation of Petrolum Exporting Countries reconvenes a price-fixing ministerial meeting to try to bring more order in to the pricing system in the next few months.

A factor that could influence the pricing trend is the amount of oil made available by leading OPEC members. The Saudi Government's financial projections indicate that the kingdom's output—now 9.5m barrels a day—may be trimmed to 9m barrels on April 1 and to the more politically acceptable level of 8.5m barrels by July 1.

● British National Oil Corporation said yesterday that the majority of producers in the UK sector of the North Sea had settled for a basic reference price of $29.75.

However, it is understood that a few independent companies—those without their own refineries—are holding out for higher crude prices, more in line with those being charged by Algeria ($33 a barrel) and Libya (up to $34.72). It now seems likely that independent experts will be called in to fix the market price for at least a couple of these companies.

Synthetic rubber pricing row

BY SUE CAMERON, CHEMICALS CORRESPONDENT

INTERNATIONAL Synthetic Rubber, Europe's biggest producer of styrene-butadiene rubber, which is used chiefly for car and lorry tyres, has halted production. The move, it says, is in protest at the "extortionate" raw material price increases which, it claims, are being demanded by three major chemical companies.

The UK-based company is owned by a consortium of tyre companies — Dunlop, Goodyear, Firestone, Uniroyal, BTR and Michelin. The tyre industry throughout Europe has been hit by overcapacity and weak prices, and several companies have reduced production and axed jobs.

TSR said its decision to halt production was an attempt to force its three main suppliers of butadiene raw material — Esso Chemical, BP Chemicals and Imperial Chemical Industries — to offer "fairer prices." It was prepared to keep its plants shut as long as necessary.

ISR says that the three are asking it to pay around £330 a tonne for butadiene—17 per cent more than a month ago—but are simultaneously shipping the chemical to the U.S. where they are selling it for less than £290 a tonne including freight charges.

The company's plants at Hythe, Hampshire, and Grangemouth, Scotland, have a production capacity of some 250,000 tonnes a year. They employ about 100 people but ISR said it had not so far been necessary to lay off anyone. Employees were being kept busy with maintenance work.

ISR, with a turnover of £90m last year, said it could meet its customers' needs from stock at present.

The suppliers had intiially asked for around £340 a tonne for butadiene for first three

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Bid to curb D-mark reserve role

BY NICHOLAS COLCHESTER

THE West German Bundesbank has acted to curb the sale of schuldscheine — Deutschemark denominated promissory notes—to foreign investors as another measure to slow the emergence of the D-mark as a reserve currency.

As a result of a gentleman's agreement between the central bank and the banking sector foreign investors will not be sold promissory notes with an average maturity of less than five years. Until now the lower limit was a maturity of four years.

By lengthening the minimum permissible maturity the Bundesbank is providing further protection for German short term interest rates from the currency whims of international investors. The relatively short maturity of the four-year notes made schuldscheine a very popular choice among foreign investors last year. It is estimated that the banks sold DM 10bn (£2.5bn) worth of this paper abroad in 1979.

As part of the same agreement the German banks will not arrange D-mark bond issues through their Luxembourg subsidiaries. This extends the unofficial ban on such issues which was imposed early last year.

West German bankers do not see the new measures having an immediate impact because at the moment international interest in D-mark investment is low. One of the effects of th oil price rise has been to cast doubts over the long term strength of both traditional "strong currencies"—the Swiss franc and the D-mark. Bankers feel the Bundesbank has used this lull to anticipate any speculative surge into the D-mark.

Carter calls for $15bn rise in defence budget

BY DAVID BUCHAN IN WASHINGTON

PRESIDEN Jimmy Carter has sent Congress a $615.8bn (£273.7bn) Federal Budget for 1980-81 that raises U.S. defence spending by $15bn in an "uncertain and sometimes hostile world," but which more than halves the current budget deficit to curb "unacceptably high inflation" at home.

The estimated $15.8bn deficit for 1980-81 would be the lowest in seven years, and $50bn less than when Mr. Carter ran for the Presidency in 1976. It compares with the shortfall in the current fiscal year which has swollen to $40bn, in part owing to the extra cost of limiting grain sales to the Soviet Union.

Mr. Carter called his Budget package and smaller deficit, which should reduce Government borrowing, "prudent and responsible." Despite administration forecasts of a mild economic recession this year, he ruled out any stimulatory tax cuts. These would be considered, he told Congress yesterday, if later the economy "begins to deteriorate significantly."

Along with the Budget plans, the Administration is predicting a drop in real output this calendar year of 1 per cent (against the modest and unexpected gain of 0.8 per cent last year). It expects a slight improvement in the inflation rate to 10.4 per cent (13.2 per cent last year according to the consumer price index), and a rise in the unemployment rate to 7.5 per cent by the fourth quarter.

Mr. Charles Schultze, chairman of the President's Council of Economic Advisers said statistics did not yet show an overall decrease in economic activity, though there had been some sectoral weakening in cars and housing.

Thus, it would be wrong for the administration to jump in with a stimulatory Budget, if in fact recession forecasts proved as unfounded this year as they were last year. The inflationary risks of premature tax-cutting or spending increases were greater than the recessionary risks of inaction Mr. Schultze said.

"There is no waste in it we could possibly eliminate," Mr. Carter said as he signed the Budget proposals.

Congresssional reaction is likely to be mixed. Liberals, particularly on the Democratic side, may be dismayed that the Budget's only domestic initiative is for a two year, $2bn youth job training programme. But they are likely to be outweighed by supporters of Mr. Carter's proposed additional $15bn for military spending in 1980-81.

Improved air transport, more ships and a build-up of spare parts and war stocks are among the prominent features of the $142.7bn defence budget that is clearly aimed at giving some credence to President Carter's commitment to use American forces, if necessary, to defend the West's oil interests in the Gulf and Indian Ocean.

Mr. Carter, justifying the larage defence increase, said he could not ignore major increases in Soviet military spending, nor "the implications of terrorism in Iran, or Soviet aggression in Afghanistan."

The only other major area in which public spending would be increased is energy. Mr. Carter proposes a rise in direct Government outlays from $7.6bn in the current fiscal year to $8.1bn in 1980-81, with the aim of encouraging conservation, underpinning synthetic fuel development and building up the U.S. strategic oil reserve.

The 1981 fiscal year budget only takes effect on October 1 this year, a month before the Presidential election. But it serves as the economic policy platform on which Mr. Carter will run against Senator Edward Kennedy

The deficit reduction in 1980-1981 would be based on increased Government revenues from the windfall profits tax on oil company earnings and on higher amounts paid by taxpayers pushed by inflation into higher tax brackets.

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Kennedy hits out

Senator Edward Kennedy yesterday proposed an immediate wage and price freeze and instant implementation of petrol rationing.

In a major attempt to reverse the slump in his political fortunes, the Senator in effect offered the nation the State of the Union message he thought President Carter should have given last week.

On foreign policy, he accused the President of exaggerating the risks the U.S. now faced from the Soviet invasion of Afghanistan and called for the immediate creation of a United Nations commission to examine Iranian grievances against the deposed Shah. Page 5

£ in New York

—	Jan 25	Previous
Spot	$2.2570-2585	$2.2760-2775
1 mth	0.61-0.56 dis	0.80-0.75 dis
3 mths	1.66-1.61 dis	1.75-1.68 dis
12 mths	3.40-3.25 dis	3.38-3.23 dis

Cossiga to seek confidence vote on security

BY PAUL BETTS IN ROME

LAST NIGHT Sig. Francesco Cossiga, the Italian Prime Minister, was expected to turn the controversial parliamentary debate on his Government's anti-terrorist measures into a vote of confidence. The emergency measures, approved by the minority administration last month, are being seriously challenged by the 18 deputies of the small Radical Party, who have tabled more than 5,000 amendments to the package.

The decree law, which gives the Italian police and security forces greater powers for holding and interrogating terrorist suspects, must be approved by Parliament by February 14. Failing approval by then, the entire package would be invalidated and the Government would be forced to introduce a new decree law.

While most of the main parties generally approve of the anti-terrorist measures, repeated obstruction by the small and vociferous Radical Party has effectively brought the Italian parliament to its knees.

Sig. Cossiga, who returned from an official visit to Washington on Sunday, said he would turn the debate into a motion of confidence if no compromise was reached with the Radicals. "The very credibility of the Italian Parliament was now at stake," he said.

Following the failure yesterday of the Socialist and Communist parties to negotiate a compromise with the Radicals, Sig. Cossiga was considering a motion of confidence on the issue last night before flying to London today to meet Mrs. Margaret Thatcher, the British Prime Minister.

His visit to London is also expected to coincide with an announcement that the Queen and Prince Philip will pay an official visit to Italy later this year, which is likely to include a meeting with Pope John Paul II.

Although a confidence motion is seen purely as a technical device to overcome the radical party's intransigent stand, it may fuel political tensions already undermining the fragile Government.

New outbursts of political violence during the last few days, including the killing of two police officers in Genoa and serious police street clashes with extremists in Rome at the weekend, have added further urgency to Parliamentary approval of the security measures.

One stock market is goal of Commission

By John Wyles in Brussels

REPRESENTATIVES of EEC stock exchanges, security firms and other financial institutions will be invited by the European Commission to a symposium in Brussels later this year to discuss possible moves towards an integrated Community stock market.

Among other things, Commission officials hope that by focusing atention on the goal of one market for European securities, the symposium will give greater impetus to their drive to harmonise the disparate disclosure, surveillance and trading procedures within the EEC.

I comparison with U.S., some EEC stock exchanges are a paradise for insider dealing and financially threadbare companies. The Commission has foungbt for some time and with mixed success to raise standards, although relatively substantial progress has been made in the past couple of years.

Its recommendation for a code of conduct covering transactions in transferrable securities has now been endorsed by most member states. However, the extent of its application is variable.

Last March, member governments endorsed a directive covering conditions of listing on stock exchanges and related disclosure requirements.

In December, a second directive, specifying the minimum contents of prospectuses issued by companies securing a listing was agreed and a third directive is to be discussed shortly which will coordinate information which must be published regularly by listed companies.

Commission officials are impressed by U.S. efforts to create a national securities market through electronic links between the New York and five or six regional stock exchanges. A comparable goal for the Community should, they feel, be on the agenda for the 1980s although they acknowledge that much needs to be achieved beforehand.

Some of the tasks were set out at the end of last week in a speech in Milan by Mr. Christopher Tugendhat, the EEC's Budget Commissioner, who is also responsible for policy on financial institutions.

He stressed that many stock markets needed greater public confidence and disclosed that the Commission was trying to think of ways of ensuring that a greater proportion of share transactions are executed in organised markets.

French float idea of European nuclear force

BY DAVID WHITE IN PARIS

THE IDEA of a joint European nuclear deterrent force in which France and the UK would participate has been floated here by one of President Valery Giscard d'Estaing's closest political associates, M. Michel Poniatowski, the former Interior Minister.

The proposal, which goes against the official French line of nuclear independence, is bound to revive suggestions about possible changes in policy.

M. Poniatowski, who has recently acted as the President's personal representative on special missions, said on radio that France and Europe should put together their own nuclear force, to avoid participating in "the super-suicide of the superpowers" in the event of a major conflict.

He said an agreement between France and Britain would produce "a real deterrent force." France's nuclear submarine fleet, for which a sixth vessel is now under construction, would be armed with multiple-warhead missiles, making a total of 500.

M. Poniatowski pressed for a "de-nationalisation" of Europe. The umbrella of U.S. protection had holes in it, and would probably be valid in no more than one in four potential cases. A joint European force would take time to build, but it was "an inevitable development," he said.

His statement, which cannot be taken as expressing official thinking, came five months after a controversial proposal by two well-known Gaullists for a nuclear weapons link between France and West Germany.

M. Alexandre Sanguinetti, a former Gaullist Party secretary-general, and Gen. Georges Buis, retired head of the National Defence Studies Institute, also argued that U.S. protection could not be counted on. Since the UK was too close to the U.S. and since its weapons were obsolescent, an alliance outside NATO, using West German funds, was the only way to provide a credible nuclear defence.

A presidential spokesman made clear at the time that there had been no modification in France's strategic options. In a defence policy report sent to Parliament in the autumn, the Government stressed that France was not opting out of obligations to its European allies. But it retained freedom to decide whether or when to become militarily involved in any conflict affecting the Atlantic alliance.

The report placed priority on modernising the French nuclear force in the 1980s to achieve a level of sophistication comparable with that of the U.S. and the Soviet Union. France's new M4 multiple warhead system, now being tested, is due to be installed on its nuclear submarines from 1985 onwards. Its nuclear capacity is also to be reinforced next year, when a fifth Air Force squadron will be armed with tactical nuclear weapons, and by development of a new ground-to-ground nuclear missile.

M. Poniatowski: How to avoid "super-suicide."

BOOM TIMES OVER FOR TWO WEST GERMAN INDUSTRIES

Chemicals sector hit by surge in raw materials prices

BY KEVIN DONE IN FRANKFURT

AFTER A record last year, the West German chemicals industry, the largest in Western Europe, expects only modest growth in production in 1980.

It is becoming increasingly preoccupied with the problems of passing on rapidly rising raw materials costs to its customers, but sees little chance, even in the longer term, of switching significantly to alternative feedstocks.

At best, the industry this year expects growth (in real terms) of 2 per cent, following a rise in production last year of 5.6 per cent and of 5 per cent in 1978.

For the first time the value of chemicals sales broke the DM 100bn barrier last year, rising by 16 per cent over 1978 to a total of DM 103bn (£26bn). The main boost came from exports, which rose by 20 per cent compared with 1978, and accounted for just under 43 per cent of all sales.

By contrast, sales to the domestic market rose by only 14 per cent, to DM 64bn (£16.2bn), while imports rose by 27 per cent in value to DM 24bn ($6.1bn).

The principal reason for the industry's strong growth last year came from the surging demand for basic petrochemicals and related products. The rapid series of increases in the price of crude oil and concern about the security of supplies, boosted demand for petrochemicals way above the 1978 level.

This will be reflected significantly in the profit figures to be announced by the industry's most important companies, such as BASF Bayer and Hoechst, over the next few months. The industry has operated at much higher capacity levels during the past 12 months, which has had a dramatic effect on its profitability.

Plants producing ethylene, for example, the most important basic petrochemical which is used in a wide range of products from plastics and detergents to fibres and anti-freeze, were run at an average capacity last year of 83 per cent, compared to 76 per cent in 1978.

Dr. Karl Wamsler, president of the West German Chemical Industry Asociation, said yesterday that demand for most chemical products was still expanding satisfactorily, but the industry feared a steady slowing in growth in the coming months.

Demand from major customer industries, such as the motor vehicle manufacturing and building sectors, was expected to fall, along with the general weakening of growth in the domestic economy and in major importing countries.

In addition, many customers had built up stocks to a high level during 1979 ahead of price rises, which added further uncertainty to demand in 1980.

Dr. Wamsler implicity attacked the oil industry for increasing the price of naphtha, the chemical industry's most important oil product raw material, by far more than the general increases in crude oil prices.

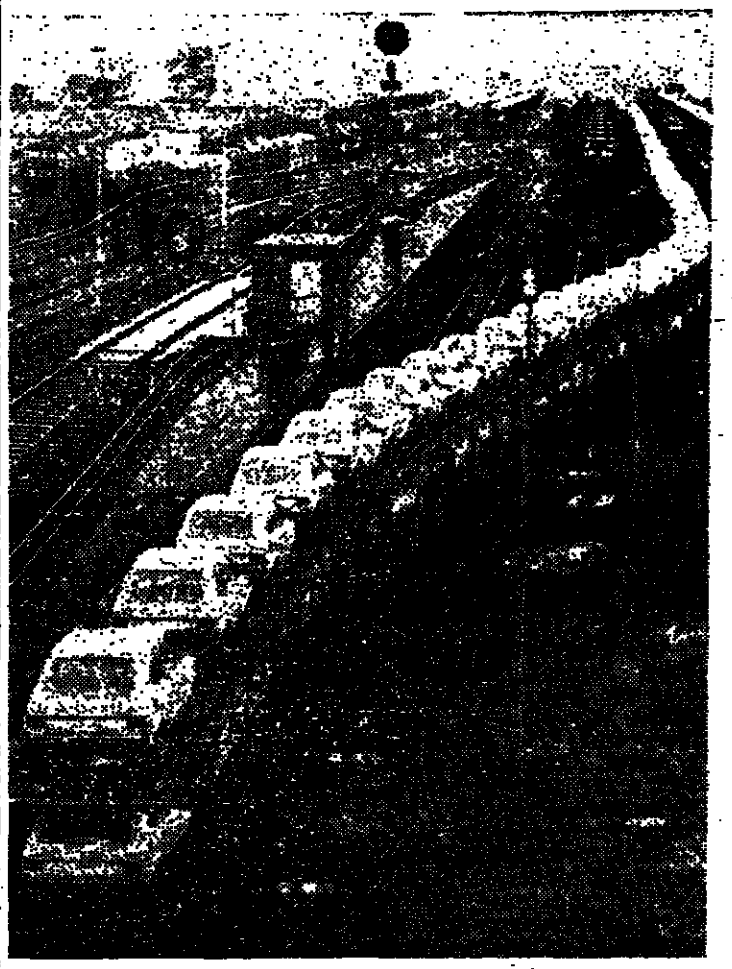
The West German chemical industry was now paying DM 650 (£165) per tonne for naphtha, compared with an average price of DM 270 in 1978 and DM 540 at the end of 1979, he said. The further rise of 20 per cent in the first days of 1980 had already added DM 400m to the industry's costs.

Some 80 per cent of the West German chemical industry's products are either directly or indirectly derived from oil-based raw materials. There was no sensible alternative, either commercially or technically, to these feedstocks, said Dr. Wamsler.

Last year, the chemicals industry used 21m tonnes of oil products, 16 per cent of total West German consumption, and, of this, 17m tonnes were used as feedstocks.

Investment in the chemicals industry, which accounts for about 14 per cent of total investment in manufacturing industry in West Germany, amounted to some DM 6bn (£1.5bn) last year, a rise of 7.5 per cent over 1978. A similar investment level is expected this year.

The main foreign market for West German chemicals last year was France, followed by the Netherlands and Italy. The Netherlands is also the major chemicals exporter to the Federal Republic. West Germany's chemicals exports to other EEC countries grew by 27.3 per cent in the first 11 months of last year, while exports to the U.S. grew by 6 per cent (imports from the U.S rose by 18.2 per cent), to Japan by 20.8 per cent and to the East bloc by 15.7 per cent.



● New cars bound for the road—by train.

Vehicle makers face tough year

BY ROGER BOYES IN BONN

THE FIVE-YEAR boom in the West German motor industry has come to an end and 1980 looks set to be a difficult year for manufacturers. This much is clear from the latest vehicle registration figures and a detailed forecast issued yesterday by the influential IFO economic research institute.

At first sight, the rgistration figures for 1979 seem to indicate that domestic demand for vehicles is still high. Over 2.9m vehicles were registered, just short of the record 1978 figure. But closer examination shows that the main surge occurred between February and May. In the second half registrations dropped dramatically and the December figure was the worst since 1974.

This bears out IFO's conclusion that the motor sector is cooling off rapidly, because of the steep increases in vehicle and petrol prices and generally slower economic growth.

A Commerzbank report this week also showed that private households in West Germany paid out an additional DM 10bn (£2.5bn) to cope with higher pertol and heating oil costs, a factor which clearly bites into disposable income and has a dampening effect on new car purchases.

Meanwhile, there are signs that both the public sector and private companies may be reluctant in the coming year to invest in large scale commercial vehicle purchases.

Strong domestic demand has been the buoying force in the West German motor boom especially over the past three years when the strength of the Deutsche Mark against the other main currencies has created special problems for exports. Production costs are high (in 1978, DM 24.44 per man hour, compared to DM 9.54 per man hour in Britain) and some foreign competitors, especially the Japanese, are capturing larger slices of the domestic market.

IFO expects that there will be a switch towards public transport in the coming year, partly because of factors such as increased school traffic and partly because of the high costs of individual short-distance travel by private car. This could benefit domestic demand for buses which has been marking time somewhat (new registrations for buses rose by only 1.6 per cent).

While some West German car plants are already on short-time working, production figures have pointed towards a drop in domestic demand for some time but the trend was not immediately reflected in registration figures mainly because of well-padded order books. Now IFO predicts that new registrations will fall by 11 per cent this year to 2.3m.

Nor does an analysis of West German traffic usage in 1980 give any hope to motor manufacturers. IFO shows that the main form of transport to benefit from the economic upswing in 1979 was the railway system, at the expense of road transport and the inland waterways.

To some degree this reflects conscious decisions made by the Bonn Government. A move to import more crude oil rather than oil products, for example, hit the staple cargo of the domestic waterways. The boom in the steel and chemical industries and increased coal production, however, boosted railway freight traffic.

Madrid earmarks £16.5m for steel company rescue

BY ROBERT GRAHAM IN MADRID

THE Spanish Government has approved a Pta2.5bn (£16.5m) soft credit to Echevarria, one of the country's leading private steel concerns, as part of a salvage operation agreed by the company's shareholders, creditors and workers.

It is hoping to use the Echevarria example to speed restructuring of the three main steel producers — Altos Hornos de Vizcaya, Altos Hornes de Mediterraneo, and Ensidesa.

The latter two, controlled by the state holding company INI, are of particular concern to the Government. Efforts to enforce tough wage guidelines and some redundancies threaten a national steel strike next month, according to the main unions involved.

Echevarria has avoided such a confrontation, largely because of union concern that the company, which has accumulated losses of some Pta4.5bn (£30m), could be made bankrupt. The rescue package follows a preli minary agreement last September that released Pta1.25bn-worth of soft Government credit as a bridging loan.

The new agreement is along similar lines to that arranged for the capital goods manufacturer Babcock Wilcox Espanola almost two years ago, under which the shareholders, creditors and workers all accepted important sacrifices.

The Echevarria operation involves rolling back debt to the commercial banks and agreement on delayed payments to suppliers. For its part, the Government will be providing the new soft credit for 13 years with three years' grace initially at minimal interest rates.

Equally important, the unions have accepted a three-year framework for wages. For this year and next, wages will only increase 4 per cent annually. Strict norms will govern any higher increase in 1982. By that time, the 4,500 workforce is also expected to have been cut by more than a quarter.

Wages represent almost 49 per cent of company turnover. The European average is reckoned to be around 20 per cent.

The Ensidesa management, meanwhile, has warned of a gloomy future if the workforce fails to accept sacrifices. A note sent round the group's plants last week said that the company faced a grim future within Europe so long as wage costs continued high and productivity low.

Wages currently represent 28 per cent of turnover and debt service 12 per cent.

Portugal plans to cut state sector costs

By Jimmy Burns in Lisbon

PORTUGAL'S centre-right Government has announced a major austerity drive to cut costs in the country's civil service and loss-making state companies.

Government departments and nationalised companies have been given 30 days to draw up plans to reduce expenditure. Their reports will be used as a guideline for the 1980 budget expected by the end of March.

The number of Portuguese civil servants, stands at around 380,000, approximately 10 per cent of the labour force, and wage costs have had a major effect on the growth of Government spending.

Strauss flies to Romania

BY JONATHAN CARR IN BONN

AMID SIGNS that West German relations with the Soviet Union and its allies are cooling, Herr Franz Josef Strauss, the opposition leader, has flown to Romania on an official visit.

Herr Strauss is understood to have inquired whether the Romanians might want to postpone his trip following the Soviet intervention in Afghanistan. But Bucharest believed the three-day visit should go ahead as planned—a decision which underscores Romania's determination to follow its own policy course in relations with the west.

Herr Strauss has been outspoken in his condemnation of the Soviet action in Afghanistan. But he has also been careful not to shut the door to all talks with eastern european countries.

Other visits for which dates had already been firmly set are now being indefinitely postponed. It was disclosed yesterday that Herr Herbert Eurenberg, the Labour Minister would not be making a visit to Moscow planned for early next month.

Paul Betts in Rome looks at Italy's 10-year energy programme

Putting a brake on power from oil

ITALY HAS drawn up a 10-year energy plan aimed at guaranteeing sufficient electricity supplies through the construction of a series of nuclear, hydroelectric, thermal, turbogas and geothermal plants, and averting the threat of a major energy black-out towards the end of the 1980s.

If approved the programme will enable the state electricity utility, Enel, nearly to double its present annual electricity capacity of 40,000 MWe to 75,000 MWe in 1990.

During the first five years, Enel would invest L20,600bn (£11bn) in five new twin-reactor nuclear power stations with an overall capacity of 10,000 MWe, a series of coal-fired stations with a total capacity of 13.500 MWe, hydroelectric plants of 1,800 MWe, turbogas stations of 1,130 MWe and geothermal plants of 100 MWe.

The main target, coupled with substitution of coal for fuel oil in other thermoelectric plants, is to reduce the proportion of oil converted into electricity from about 70 per cent of all primary sources last year to 42 per cent in 1990.

The Government has already approved by decree law the immediate construction of three new coal-fired plants consisting of four 660 MWe groups each, to be sited at Taranto and Gioia Tauro in the south and at Pavia in the north.

At a major three day conference on nuclear safety in Venice at the weekend, the Government made a determined effort to get round the highly vocal, anti-nuclear lobbies and win consensus for the nuclear part of Enel's ten-year programme.

But the main political parties and the unions remain split over the latest nuclear programme. During the past decade, attempts by successive Governments to introduce a series of nuclear plans have been blocked repeatedly.

However, despite a threatened national referendum on the issue by the small Radical party and calls for further consultations by the left-wing parties and unions, the Government appears intent to press ahead.

Sig. Antonio Bisaglia, the Industry Minister, warned that Italy could no longer afford a day-to-day approach towards long term energy problems: "It is not a question of drawing up plans. We have plenty of those. It is now a question of finally implementing the nuclear programme," he said.

Italy appears to have resolved its immediate energy problems by reducing its estimated 25m tonnes shortfall in oil supplies this year to about 8m tonnes. This follows the Government's recent decision to ease price control on oil products to enable the country to compete properly for supplies of crude.

Sig. Bisaglia indicated at Venice that since these measures had been introduced, the main international oil companies were returning to the Italian market. Overall oil consumption this year was estimated at 103.5m tonnes and some 95.5m tonnes of supplies were guaranteed.

In the longer term, Italy was forced to seek a wider disversification of primary energy sources, Sig. Bisaglia said. At the end of last year, 6m KwH had had to be imported to cover domestic energy demand at a time when energy consumption was rising by more than 5 per cent a year.

With hydroelectric and geothermal primary sources nearly fully exploited, Italy had to turn to coal and nuclear power, he said. In the case of coal, Enel's annual coal consumption is expected to increase from 800,000 tonnes to 5m tonnes over the next five years.

> The country has been handicapped by a seemingly endless capacity for arguing about nuclear energy without doing anything about it. But government officials warn that if the long-term energy programme does not take shape, Italy will fall further behind its European partners.

As for nuclear energy, the Government is proposing to build five twin reactor plants with an overall capacity of 2,000 MWe to be built in Piedmont, Lombardy, Friuli-Venezia, Giulia, Molise and Aprilia.

Italy currently has three small nuclear plants built in the 1960s with a total capacity of barely 600 MWe. A second generation plant at Caorso, near Milan, with a capacity of 850 MWe has had serious start-up difficulties and has not yet functioned at full capacity.

The only real accomplishment so far has been the start of construction work on Enel's twin boiling water reactor plant at Montalto di Castro, north of Rome, which is to have a total capacity of 2,000 MWe.

If the five new nuclear stations are given the go-ahead, Italy will be able to increase its overall nuclear capacity in the 1980s to 13,450 MWe.

The Government has also also pressed Italy's two major nuclear suppliers—the state-owned Finmeccanica group and the Turin-based Fiat Conglomerate—to rationalise and coordinate their production activities by the end of March for the construction of the new nuclear plants.

At present, the Finmeccanica nuclear subsidiaries—Ansaldo and Breda Termomeccanica—have a General Electric BWR licence, while Fiat has a licence for a Westinghouse pressurised water reactor. The Westinghouse manufacturing licence is shared by Breda and Fiat following an earlier reorganisation of the industry two years ago.

Although both the Caorso and Montalto di Castro plants are based on the General Electric design, the Government appears to favour the Westinghouse system for the five new plants.

Negotiations are well advanced between Fiat and Finmeccanica to set up a joint company to build the new nuclear plants. The company is expected to be controlled by Finmeccanica, whose manufacturing activites in nuclear sector are substantially larger than Fiat's.

Senior Italian energy industry officials, however, do not expect negotiations to be completed until the companies were satisfied that Italy was "really serious" in its intention to go ahead with its long overdue nuclear programme.

In the past, the country has been hadicapped by an apparent endless capacity for arguing about nuclear energy without doing anything about it.

Sakharov 'ready to stand trial'

By David Satter in Moscow

IN HIS first statement from exile, Dr. Andrei Sakharov, the Nobel Peace Prize winner, yesterday denounced his banishment as an attempt by the Soviet authorities to "free their hands" for internal repression and foreign adventures.

Dr. Sakharov rejected the statement by Soviet representatives that he faces no criminal prosecution. He said that he had no desire to live in a "golden cage" and was ready to stand trial before an "open and public court" to answer any charges against him.

In his statement, which was brought to Moscow yesterday by his wife, Yelena Bonner, Dr. Sakharov also described the extraordinary conditions of his exile, which appear to have no precedent in the post-Stalin era.

Although the Sakharovs found a fully furnished flat awaiting them last Tuesday when they arrived in Gorky, Dr. Sakharov's place of exile, Dr. Sakharov has been forbidden to see or communicate with any foreigner including his stepchildren and grandchildren who now live in the U.S. The right to communicate with relatives abroad is granted even to prisoners.

Residents of Gorky who came to the Sakharov flat after the address was broadcast by foreign radio stations were seized on leaving and taken to the local police station which is directly across the street. There they were threatened with loss of their jobs and warned not to visit the Sakharovs again.

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China negotiates more loans from foreign banks

BY TONY WALKER IN PEKING

NEGOTIATIONS WITH foreign banks for another series of loans are well under way, according to Mr. Bu Ming, president of the Bank of China.

Mr. Bu said the loans were short to medium term, including buyers' credit and development loans.

The bank president gave no details of the amounts being sought or China's existing loan commitments. But he said the amount of loans made and repaid last year was a record.

The Bank of China had lent money for projects which would bring a quick return, he said. They included light industries and textiles and maritime transport. Funds had also been released for developing energy resources.

China has not provided full details of its overseas loan commitments. However, China is estimated to have negotiated loans worth more than $30bn.

These include $25bn in medium to long-term loans from the U.S., Australia and some European countries, and $6bn in short-term loans from Japan.

The authorities are also trying to stop a black market trade in foreign currency, particularly in Canton, and have prohibited the circulation of foreign currency within China.

An order issued at the weekend prohibits foreign currency being taken by businesses, except those shops approved by the authorities in hotels which serve exclusively foreign guests.

AP adds from Tokyo: China has put into operation an oil field producing 5m tons a year (100,000 barrels a day) and 1.7bn cubic metres of gas a year in the north-eastern province of Liaoning, according to the official Xinhua news agency yesterday.

The Liaohe field cover a large area of Bohei Bay, and has eight oil producing areas with 1,800 wells and 160 stations for gathering, transporting and measuring oil and gas.

The crude contains mostly light oil, and is low in sulphur, the agency said. Construction of the oil field began in 1970, but was interrupted by a 1975 earthquake.

The Peking Government announced last month that crude oil production rose by 1.9 per cent in 1980 to 106.1m tons

China bond talks, Page 23

Deng protege may take top position in party

BY OUR PEKING CORRESPONDENT

MR. ZHAO ZIYANG, a protege of Mr. Deng Xiaoping, the Vice Premier, is to be promoted to a top party position.

Mr. Zhao, first party secretary of Sichuan province, is said to be on the verge of appointment as one of several new vice-premiers. There is even speculation he may be appointed a senior vice-premier in a general shake-up of the leadership.

Mr. Zhao was elected a member of the Politburo in 1977. Appointment as a vice-premier in a reconstituted leadership would mark a solid rise through party ranks for Mr. Zhao who is in his early sixties. It would also add another supporter of Mr. Deng to China's top leadership. Like Mr. Deng, Mr. Zhao was purged during the cultural revolution.

Mr. Zhao was appointed first party secretary of Sichuan in 1975, and is said to have brought stability and economic prosperity to the troubled province, now regarded as a model of economic development.

The Sichuan party secretary is regarded as one of the bright "young" men of the Chinese Communist Party.

Mr. Zhao's election as vice-premier, expected to be confirmed at a national party congress later this year, would put him in a position to succeed the 76-year-old Mr. Deng, who is said to have been hinting that he may retire in the next two or three years.

Western analysts see Mr. Zhao's promotion as a further indication that the moderates are strengthening their position.

Namibia talks expected to resume

By Quentin Peel in Johannesburg

MORE TALKS between South Africa and the UN aimed at a peaceful settlement of the guerrilla war in Namibia (South West Africa) are expected to take place in Cape Town on February 23.

Reports in Windhoek, the Namibian capital, said the UN delegation would be led by Mr. Brian Urquhart and Mr. Abdulrahim Farah, both assistant secretaries-general of the UN, and Mr. Martti Ahtisaari, the special UN representative for Namibia.

The meeting would follow a visit to Namibia and to the neighbouring states of Angola, Zambia and Botswana by a UN military mission headed by Gen. Prem Chand, the commander of the proposed UN peacekeeping force in the territory.

The top-level UN mission is aimed at breaking the stalemate in the Western-initiated negotiations for a Namibian settlement, bogged down over the issue of a demilitarised zone along the border with Angola.

Gen. Chand's mission will be to discuss technical details of the zone with the South African military command in Windhoek before the Cape Town talks.

The South African Government has argued that the demilitarised zone proposal is not an adequate alternative to monitoring SWAPO guerrilla bases in Angola and Zambia.

There was no official confirmation of the talks in Cape Town yesterday, but a Windhoek hotel confirmed that a booking for Gen. Chand and nine members of his staff had been made from February 10-12.

● The Johannesburg stock market fell yesterday, in what brokers said was largely an international response to the guerrilla raid on a Pretoria bank last week, in which five people died. Just before the close, 40 gold shares had fallen from their Friday levels, and only three were up.

Comment on the raid in the South African Press has generally praised the tough action of the police

Iran cancels licences of U.S. banks

BY SIMON HENDERSON IN TEHRAN

THE IRANIAN Central Bank has notified all U.S. banks operating in Iran, telling them their licences have been cancelled.

The move reduces to a minimal amount U.S. economic relations with Iran. The banks—all only representative offices—had evacuated their U.S. staff when the Embassy hostage crisis began in November, and since then have been handling only letters of credit, apart from recovering previous debts. Trading of U.S. companies has already been reduced to almost nothing because of political feeling in the U.S. and President Jimmy Carter's freezing of Iranian assets.

The decision, coinciding with the election as President of Mr. Abol Hassan Bani-Sadr, the Finance Minister, can be seen as part of his independent nationalist policy to cut links with the U.S. completely. Mr. Alireza Nowbari, the governor of the Central Bank, is a close friend of Mr. Rani-Sadr.

The banks affected include Bank of America, Chase Manhattan, Chemical Bank, Citibank, First National Bank of Boston, Irving Trust Company, Manufacturers Hanover Trust, Marine Midland and Philadelphia National Bank. Their departure from Iran strengthens the position of the European and Japanese banks there, most of which have kept open their Tehran offices in the charge of Iranian nationals.

Further policy initiatives by Mr. Bani-Sadr may take some time. He does not formally become President until after elections for a General Assembly some time in the next six weeks.

He has already fallen foul of the Moslem students loyal to Ayatollah Khomeini who hold the 50 U.S. diplomats hostage in their Embassy. In a gesture seen as bringing a small ray of hope for a resolution of the crisis which, despite his anti-Americanism, he is seen as wanting solved, Mr. Bani-Sadr criticised the students in a television interview on Sunday night. He attacked their condemnation of Iran's participation at this week's Islamic Foreign Ministers' conference in Islamabad. He said if Iran has two governments, one the students and the other the Revolutionary Council, then this condition is unacceptable.

But the students yesterday said that, although they recognised the popular support which had given Mr. Bani-Sadr victory, they still reserved the right to say what they wanted.

Iran's 79-year-old leader, Ayatollah Khomeini, is now recovering from his heart complaint, and was able yesterday to leave his bed and meet photographers.

On domestic policy, while admitting some measures would have to wait until an assembly was set up, Mr. Bani-Sadr said on Sunday his priorities would be measures to deal with high prices, to give land to farmers, and reduce unemployment.

Reuter adds from Tehran: Mr. Bani-Sadr won a massive 75.7 per cent of the vote in Iran's first presidential election last Friday, according to official final results published by the Interior Ministry yesterday.

However, the turnout was much lower than had been predicted.

The figures showed Mr. Bani-Sadr had won 10,709,330 votes, out of a total poll of 14,146,632.

The turnout was roughly 2m down from last month's referendum on the Islamic constitution, about 64 per cent of the total.

Mr. Bani-Sadr's main rival, Admiral Ahmad Madani, won 2.24,54 votes, or about 14.6 per cent of the poll.

ZANU detainees go back to Rhodesia

BY BRIDGET BLOOM AND MARK WEBSTER IN SALISBURY

SOME 62 Rhodesian black nationalists who had been detained in Mozambique returned to Salisbury yesterday afternoon in an RAF Hercules aircraft of the Commonwealth monitoring force. They were met at the airport by representatives of several nationalist parties, most of them apparently supporters of Bishop Muzorewa's United African National Council.

The detainees had been held in Mozambique by Mr. Robert Mugabe's ZANU-PF—and three of those flown in were members of the central committee of Mr. Mugabe's party. They were Mr. Rugare Gumbo (formerly Director of Information), Mr. Henry Hamadziripi and Mr. Mukudzi Mudzi. All three men have been nominated as candidates for the general election next month for the Karanga-based Zimbabwe National Front (ZNF).

The 62 detainees included two women. Seven detainees stayed behind in Mozambique and two are flying directly to London.

It is thought that the majority of the detainees were members of ZIPA (Zimbabwe People's Army)—the so-called Third Force established in 1974-75 on the suggestion of President Nyerere of Tanzania and owing allegiance to neither Mr. Mugabe's forces nor Mr. Nkomo's ZIPRA army.

They were detained because they disagreed with the ZANLA leadership in 1976 at the time of the Geneva constitutional conference.

Bishop Abel Muzorewa

All the former detainees are to be allowed to contest the elections, even though the legal time limit for registration has expired.

Lord Soames, the Governor, will tomorrow publish an ordinance making it possible for former detainees to stand for parliament under the aegis of any of the existing nine political parties. They will not, however, be able to form new parties.

Tunisia raid blamed on migrants

By Our Foreign Staff

TUNISIAN Interior Ministry officials yesterday said that the raiders who attacked the town of Gafsa in the middle of the country, nearly 200 miles south-west of the capital, Tunis, were Tunisian migrant workers living in Libya.

The attack took place early on Sunday, the second anniversary of bloody riots during a general strike which represented a major struggle in Tunisia's political leadership. The official Tunisian news agency, TAP, said the raiders had crossed the border from Algeria to carry out the attack. About 20 people were killed.

Mr. Amor Fezzani, Tunisia's Ambassador to Libya, was summoned to the Algerian foreign Ministry after TAP's reference to the border crossing.

Libya has been known for some time to have been involved in Tunisia's internal affairs.

● In Morocco, more than 100 Polisario guerrillas were killed in an attack on the south-east town of Akka last Friday, officials claimed yesterday in Rabat.

Nine Moroccan troops were killed and 23 wounded during the battle. Some 14 civilians were reported killed and 14 others wounded.

Soviets seek closer links with Syria

BY IHSAN HIJAZI IN BEIRUT

THE SOVIET UNION has informed Syria it intends to play a bigger role in supporting hard-line Arab countries and the Palestine Liberation Organisation in opposing the Middle East peace settlement.

Arab diplomats said this was the substance of a message conveyed by Mr. Andrei Gromyko, the Soviet Foreign Minister, to Syrian leaders during his current visit to Damascus.

Mr. Gromyko, who began a three-day visit on Sunday, has met his Syrian counterpart, Mr. Abdel Halim Khaddam, and is to meet President Hafez Assad, and PLO chairman Mr. Yasir Arafat during his stay.

The Soviet Foreign Minister emphasised in a speech on Sunday that his country will help Syria and the Palestinians by every possible means to end Israeli occupation of Arab territory and in recovering Palestinian rights.

He said Syrian-Soviet relations and co-operation will be raised to a higher level, but did not elaborate.

King Khaled of Saudi Arabia was unsuccessful in efforts to persuade Syria to attend the Islamic conference in Islamabad when he and President Assad held two days of talks in Riyadh over the weekend.

Outside Marxist South Yemen, Syria is emerging as the Soviet Union's main ally in the Arab World, but observers have discounted the possibility of Syria concluding a treaty of friendship and co-operation with the USSR. President Assad has thus far steered clear of such treaties.

Reuter adds from Jerusalem: Mr. Menachem Begin, Prime Minister of Israel, said his country did not intend to attack Syria, despite reports of a growing Syrian presence in Lebanon.

"Israel never intended to attack Syria, nor has it considered launching an offensive against Syria," Mr. Begin said yesterday.

In Mogadishu, capital of Somalia, Western diplomats said U.S. military technicians have closely examined air and naval facilities in Kenya, Somalia and Oman which might be used as a speedy counter to any Soviet threat in the strategic Horn of Africa region.

The facilities which came under scrutiny were at Kenya's main port of Mombasa, the Somali port of Berbera and Oman's Masira Island.

The study was a follow-up to a visit to the three countries last month by officials from the U.S. State and Defence Departments.

The diplomats said the technical teams would advise their government on what they felt needed to be done to adapt the facilities now available.

WORLD TRADE NEWS

Turkey moves to repay $1.9bn suppliers' credit

BY METIN MUNIR IN ANKARA

THE TURKISH Government has announced details of a programme to tackle nearly $1.9bn of arrears on unguaranteed suppliers' credits. These arrears have risen on nearly 100,000 exports to Turkey on the basis of cash against goods or cash against documents.

Some of the arrears have been outstanding for more than three years, but Turkey could not settle them because of its foreign exchange crisis. Arrears to suppliers who had taken out cover with their national export insurance agencies have been restructured under two agreements *reached with the Organisation for Economic Co-operation and Development.* With steps now being taken to handle $300m of third party liability claims, the unguaranteed arrears remained the last major category of Turkish debt to be tackled.

Mr. *Suleyman Demirel,* the Turkish Prime Minister, yesterday said that claimants involved in 98,000 transactions would benefit from the programme.

"It is a matter of honour" for Turkey to liquidate this debt, he said.

He is *offering two options,* which in an earlier, slightly *more generous* form, have already received the indirect blessing of the foreign banking community which assisted Turkey in drawing up its restructuring programme.

The first option is for creditors to elect to take payment of the outstanding obligation in *Turkish liras. The* liras could be used for touristic trips to *Turkey, investment in* tourism and chartering Turkish *vessels. Creditors* can also use the Turkish liras to buy into Turkish companies, make new investments or open credits to their local importers.

Repayment in liras for sums under $10,000 will be made in three equal two-monthly instalments. Sums over this will be settled in 12 equal two-monthly instalments.

The second option is for creditors to take payment in foreign currency.

Repayment, however, will be over 10 years with the first instalment being paid in 54 *months. Payment will be every* six months, the first eight instal*ments* each being of 7.5 per cent of the debt and the remainder of 10 per cent each. Payment will be made in U.S. dollars only and the interest rate will be "no more than 7 per cent." Companies involved will have to make a choice by the *end of* April, 1980, and are free to *choose different* options for each of their outstanding claims.

Repayment in foreign currency will be made by Turkish banks. Banks are to ask suppliers who opt for payment in foreign currency to provide documentation proving that they have not been paid. This *is because the Government* believes that some of the out*standing $1.9bn debt* has been settled under the counter by *Turkish importers with black* market foreign currency. According to some estimates, as much as $1.1bn have been settled in this way.

If the programme is successful, it will remove a major grievance among Turkey's suppliers and one which has been detrimental to the country's credit-worthiness.

Our foreign staff adds: A similar programme for the unguaranteed suppliers' credits was attached to the agreement for the $407m loan with a syndicate of banks last July. *That foresaw foreign currency* repayments to start after three *years* and *be completed in* seven, compared with the 54-month grace period and 10-year term outlined in the present programme.

A further difference is that repayment is to be in U.S. dollars instead of the original currency of the transaction, as had been proposed in July. Suppliers say they are relieved to see some action in this field, but add that *before* reacting, they wish to know whether their claims will be negotiable and what exchange rates will be used.

Poland to import cars from Japan

By Christopher Bobinski in Warsaw

MOTOIMPEX, the *new* Polish foreign trade enterprise, is to import 1,250 Japanese cars—Toyota Corollas and Toyo Kogyo Mazdas. This is the first time that Japanese cars have been imported into Poland on any significant scale.

Motoimpex was set up at the beginning of this year specifically to sell foreign made cars, spare parts and accessories to Poles for hard currency. The company is headed by Mr. Andrzej Jaroszewicz, a rally driver and the son of the Prime Minister, Mr. Piotr Jaroszewicz.

The 750 Toyota Corollas and 500 Mazdas are to go on sale next month priced at $5,000 (£2,212) and $4,500 (£1,991) *respectively. Until now Western* cars have been sold through the Pewex chain of hard currency stores with sales last year around the 500 mark. Private hard currency holdings in accounts at the Polish PKO Bank are now approaching $500m.

Domestic passenger car production this year is planned to be around 350,000 units, *mainly* the Polish-made Fiat 126 and 125 models. The need to maximise hard currency exports means that deliveries to the home market in 1980 will be under *200,000* units and a substantial proportion of these will be sold for hard currency. A 650 cc Polish *126 Fiat* now costs $1,620 in Poland and a *1,500 cc 125 Polish Fiat retails* at $2,500. Soaring prices on the second hand car market reflect the high domestic demand.

● Czechoslovakia and the Soviet Union have signed a contract for deliveries of Soviet oil and oil products which was described as the biggest in the history of their trade relations, Reuter reports from Prague.

The contract stipulated deliveries of 19.2m tonnes of oil and oil products to Czechoslovakia for the current year at a cost of 1.12bn roubles (£788.7m), according to the Ceteka News Agency.

The Soviet Union covers about 90 per cent of Czechoslovakia's oil consumption needs. The remainder has to be bought from Iraq, Libya and Algeria at world prices in hard currency.

Gulf states plan $8bn arms industry

BY OUR FOREIGN STAFF

THE COUNTRIES of the Gulf area are planning to replace the Cairo-based Arab Organisation for Industrialisation (AOI) *with an $8bn arms* industry in the next few *months, the Kuwaiti daily al-*Siyasa reported yesterday.

The AOI was discovered *last* year because of Egypt's peace treaty with Israel. *Its* capital of $1.04bn was put up *by Saudi Arabia, Qatar and* the United Arab Emirates *(UAE), but the manpower* and military factories were to be provided by Egypt. Al-Siyasa said that the new organisation would aim to produce French Mirage-3 jet fighters and anti-aircraft Crotale missile systems. M. *Valery Giscard d'Estaing,* the French President, is to discuss *details of this plan* with Gulf leaders when he visits the *area in March.*

The desire to set up an arms industry in the Gulf has undoubtedly been speeded up by the overthrow of the Shah and the Soviet invasion of *Afghanistan.*

According to the newspaper report, Iraq, the most militarily *sophisticated* power in the area, is willing to take part. Nevertheless, although finance is no problem, even Egypt, which of the Arab countries has the most advanced arms industry, when the AOI was in existence was not contemplating building the Mirage-3, or Crotale, but more to start with the assembly of the Alpha-Jet advanced trainer and the British-made Swingfire missiles.

If this new organisation is to have any credibility, its initial activities will have to be assembly work.

● Terry Dodsworth adds from Paris: Both Dassault and the French authorities refused to *comment* on the reports yesterday. The Ministry of Defence said that it was not official policy to reveal details of arms contracts. It was entirely in the hands of the countries buying equipment from France *to give out* information, it added

Electronic mail boom forecast

BY GUY DE JONQUIERES

WESTERN EUROPE and North America are on the threshold of a major increase in the *use* of electronic mail systems. *The systems are set* to capture a growing share of the market traditionally served by letter mail, according to a new study.

The study, by Mackintosh International and Communications Studies and Planning, forecasts that the volume of electronic mail traffic in Western *Europe will rise from* less *than* 600,000 items or messages a day in 1978 to almost 19m in 1987.

By then, electronic mail will be carrying the equivalent of 5 per cent of conventional letter mail and 10 per cent of primary business-to-business mail, and its traffic volume will still be growing at an annual rate of 27 per cent.

This growth is expected to lead to a sharp rise in demand for terminals equipped to send and receive mail electronically. *The study forecasts that* the total number of installed terminals, excluding telex and private wire printers, will rise to almost 800,000 by 1987 from less than 40,000 in 1978.

The annual value of terminal sales in Western Europe, not allowing for inflation, is likely to exceed $1bn by 1987, or more than 12 times the level in 1978. By 1982 *it* will already have reached $400m a year.

Initially, the strongest demand will be for terminals capable of handling text only, and equipped to deal with enhanced telex and communicating word processing. These are expected to account for 55 per cent *of installed terminals in* 1987.

But by then the study expects their growth to have been overtaken by *that of combined* text and graphics terminals, whose introduction the authors believe will be the most dramatic innovation to take place in electronic mail technology during the 1980s.

Broadly similar trends are foreseen for North America, though a less rapid growth in the number of installed termi*nals is expected in the* U.S., where 200,000 were already in use in 1978. More than 1.1m are expected to be in operation by 1987, when the annual value of shipments will be about $1.6bn.

Over the period, electronic mail traffic is forecast to rise to 26.2m items a day *in the U.S.* and Canada from 2.8m in 1978. *By 1987* it will equal 5 per cent of conventional letter mail and 20 per cent of primary business-to-business mail.

Davy company wins S. African steel contract

Financial Times Reporter

LOEWY ROBERTSON, a Davy company, has won an £18.7m order for a new turnkey stainless steel plant for the Southern Cross steel plant of *Middelburg Steel and Alloys,* at Middelburg in the Transvaal, 120 miles north-east of Johannesburg.

This is the biggest order ever won by Loewy Robertson and covers the design, supply, erection and commissioning of a major cold mill complex, which is scheduled to commence operation in September 1981.

A large proportion of the mechanical equipment required will be made in South Africa under a manufacturing programme which will be organised by a team of Loewy Robertson engineers based in Johannesburg.

India and France sign pacts

BY K. K. SHARMA IN NEW DELHI

AGREEMENTS in seven key areas were signed between India *and France yesterday at the* end of President Giscard *d'Estaing's talks here with* Mrs. Indira Gandhi. These place France among the major countries helping in India's industrialisation.

The most important of the agreements are those on alumina and coal. On the first, France will help to establish a *700,000-tonne alumina plant in* Orissa State, where the recent *bauxite finds along the eastern* coast will be mined and processed for use in France.

On the second, France will help India to improve coal mining technology to increase production and also import *substantial quantities. India* will thus partly replace France's traditional suppliers of coal.

Other agreements relate to chemicals and fertilisers industries and transfer of technology while talks have been held on oil exploration. A protocol on this is expected to be signed in due course. Talks were also held on a shore-based steel plant but no agreement has been reached.

According to M. Jean Francois-Poncet, French Minister of Foreign Affairs, no talks were held on nuclear energy or defence. But he told reporters he did not rule out agreements in these fields. India and *France already have an agree*ment on nuclear energy, but this is limited in scope.

President Giscard, who was the chief guest during India's Republic Day celebrations on Saturday, is here on a week's state visit, the first by the head of state since Mrs. Gandhi became Prime Minister a fortnight ago.

His visit was arranged by the previous Janata Government, *and the French President has* been given an unusually warm welcome to signify the close relations between the two countries.

£10m UK aid loan to Zambia

BY OUR FOREIGN STAFF

BRITAIN HAS made available to the Zambian Government an aid loan worth £10m for agricultural development projects. The money will be spent on goods and services from Britain.

An integrated rural development scheme, the first to be *financed from this loan, has* been identified in the north east *of the country,* and is likely to cost about £3m. The loan must be repaid over 25 years with a seven-year grace period. Interest has been set at 2 per cent.

The £10m loan takes the total British bilateral aid to Zambia since 1976 to over £44m, most of its programme aid for the purchase of essential British imports.

A second rural development programme — in Nepal — has *recently been earmarked for* British grant aid totalling £5.7m. *It is intended to help more than* 500,000 of Nepal's poorest people, living in the remote Kosi Hills area in the east of the country. The programme involves improving land use, developing cottage industries, and extending power and water supplies.

The area must first of all be opened up, and British contractors are at present building a road into the area, in a project costing £15.4m.

● **Our Rangoon Correspondent adds:** Britain has agreed to extend to Burma a £3.1m grant to help partly finance Burma's fisheries development project.

Notes for the grant were exchanged in Rangoon yesterday by Dr. Maung Shein, Burmese Planning and Finance Deputy Minister and Mr. C. L. Booth, British Ambassador to Burma.

Mexican trade gap widens

By William Chislett in Mexico City

MEXICO'S TRADE deficit in 1979 at $3.3bn was 50 per cent larger than in 1978, according to preliminary figures published by the Planning Ministry.

The deficit, which is considerably higher than forecast, emphasises the awkward position in which Mexico now finds itself—the economy is expanding very quickly *with* imports up by 44 per cent but oil, and *more particularly non-oil* exports, cannot yet compensate for this import upsurge.

Imports totalled $8.5bn and exports $11.8bn. Oil exports at $3.7bn were up 113 per cent on 1978.

Jurek Martin and David Buchan in Washington assess President Carter's new spending plans

Deficit provokes defensive stance

THERE WAS just a hint of defensiveness about President Jimmy Carter's economic team as details of the federal budget for the 1981 fiscal year, beginning in October, were unveiled at the weekend. Mr. James MacIntyre, the usualy anonymous director of the Office of Management and Budget, observed defiantly that "this deficit is the price of honesty." almost as though someone had accused him of cooking the books, while even Mr. Charles Schultze, chairman of the Council of Economic Advisers and a humorous man, noted that he was indeed paid to forecast the economy — and was still paid even if he got it wrong.

This ought not to be too surprising: after all, a year ago the same team, except that Mr. Miller has since replaced Mr. Blumenthal at the Treasury, was forecasting a 7.4 per cent increase in consumer prices in 1979 (it turned out to be 13.3 per cent).

Economic growth was also overestimated from fourth quarter 1978 to fourth quarter 1979 (it amounted to 0.8 per cent) and, erring on the other side, unemployment of 6.2 per cent (it is still under 6 per cent and barely moved all year). Just about every private economist got it all wrong as well, but fallibility tends to be more noticeable in the public sector.

Thus, even without the vast international economic uncertainties prevalent today, some scepticism has to be attached to the forecasts and targets laid out in the budget. In the current fiscal year, the documents disclosed, the federal budget is running in deficit to the tune of nearly $40bn, not the $33bn projection of last autumn and not the $29bn estimated shortfall of a year ago. New energy programmes, the cost of retaliating for the Soviet invasion of Afghanistan and inflation have all combined to render last year's forecasts a third too low.

Looking ahead to fiscal 1981, given a flat or slightly declining economy, the intention to spend an extra $15bn in real terms on defence and energy, and double-digit inflation's impact on the "uncontrollable" elements of the budget, it is reasonable to ask how it will be possible to reduce the budget deficit to $15.8bn.

This figure looks impressive —60 per cent below that of fiscal 1980, $50bn less than when Mr. Carter took office — the lowest since 1974. Moreover, it comes combined with a public admission that if economic forecasts turn out to be erroneous and if, by some chance, unemployment were to remain at current levels, then a surplus of something like $15bn would be achieved.

But the only way that the deficit is to be reduced is through inflation, pushing taxpayers into higher brackets and thereby increasing receipts, and by lumping the initial proceeds from the oil windfall profits tax ($6.2bn in 1980 and $14.4bn in 1981) on to the revenue side without making provision for the offsetting spending the Administration has promised.

It must also be pointed out that this is an election-year budget. By any traditional yardstick, it is unheard of for an incumbent Democratic president to propose a budget that contains virtually no real extra spending to meet domestic needs: even the new revenue sharing and youth employment schemes are both designed to replace expiring programmes.

For a Democratic government official to outline with pride, as Mr. Schultze did over the weekend, that, under President Carter, real Federal spending had only risen by 1.3 per cent a year, compared with 3.1 per cent per annum in the first six Republican years of the 1970s and 3.9 per cent a year throughout the 1960s, is to appreciate the extent of the national conversion to relative economic austerity.

Even so, Mr. Carter's budget is likely to draw fire from both left and right. The Liberal case is obvious and may grow in intensity if the economy deteriorates more than expected and the administration does not respond with a tax cut.

Defence boosted to counter Soviet threat

THE Gulf and the Indian Ocean are "about as distant from the U.S." as any spot on the globe, Mr. Harold Brown, the Defence Secretary, said when he unveiled the country's defence budget—a budget aimed at buttressing President Carter's commitment to defend Western oil interests there.

Speedier air reinforcement, more ships, and greater "war readiness" figure high in the Administration's latest $158.7bn defence package. The budget increases are intended to keep the Russians at bay in Europe and elsewhere—and, the Pentagon says, to ensure both that "our ability to come quickly to the aid of friends and allies around the globe will be clear and impressive," and that the U.S. Navy remains "the most powerful on the seas."

Defence is one of only two major sectors (energy is the other) where the Carter Administration is proposing a budget increase, from $139.3bn in the current year to $158.7bn in the year starting October 1, 1980.

But this figure, a real 5.4 per cent increase after inflation, covers funding for some big projects over several years. As is always the case when military expenditure is on the rise, actual outlays in the coming fiscal year will be less—$142.7bn, a more modest real increase of 3.3 per cent on defence spending this year.

In fact, Mr. Brown stressed the budget was "pre-Afghanistan." But inevitably it is viewed in the light of the Soviet invasion of that country, a threat to the Gulf oilfields of which Mr. Carter made much in last week's State of the Union address. All the major spending decisions, however, had been made before Christmas, and so before Soviet troops moved in.

The Defence Secretary said it had only been prudent to raise spending in view of the continued Soviet military build-up — the USSR now outspends the U.S. by 30 per cent — and of

its increased boldness in using military might for political ends.

The Carter Administration had sought in 1977-79 to redress the imbalance in Europe — beefing up conventional forces, cajoling allies to spend 3 per cent more in real terms a year and to modernise tactical nuclear arms, while proceeding with new strategic weapons such as cruise missiles. Last year, however, it was already clear that the time had come to turn to pressing problems outside the European theatre.

A pressing domestic factor the Defence Secretary omitted to mention was the Senate demand for an across-the-board defence increase as the price of passing the SALT 2 arms treaty. In fact, the Afghan crisis means the Senators have won their 5 per cent, while the Administration has had to shelve the SALT treaty for the rest of this year.

Mr. Brown sought to cool the "war fever" that has emerged in some quarters here and which he himself has done little to inflame. He stressed there was no need for the U.S. to move militarily any faster at the moment. Referring to the Gulf and South West Asian tensions, he said the prospect was "not of immediate conflict" with the Russians. This was why it was unnecessary at this stage to re-introduce the full-blown military draft — merely wise to register 18-26-year-olds, as President Carter proposed last week, to make any future call-up quicker.

At the same time Congress is unlikely to move any slower than the Administration's pace. Last year it lopped a mere $1bn off defence, and this year, with opinion polls pointing to a majority popular desire for more arms spending, the legislature will probably give the Administration what it wants, or, as can happen, more.

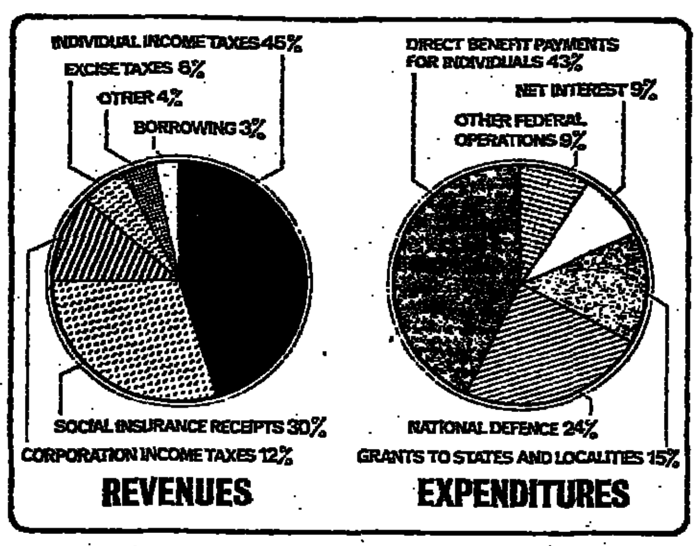
Of particular note in the new budget request are:

● A 13 per cent spending increase on weapons research and development, to try to catch up with Soviet numerical advantage in arms with technological superiority. Notable here is the mobile MX missile system — the new strategic deterrent of the late 1980s—up from $832m this year to $1.57bn next.

● Continuance of all the other big programmes, particularly costly on the nuclear side. Procurement of the Trident missile system will cost $900m (for the missile) plus $1.2bn (for the submarine) next year. In this context, Mr. Brown said the Administration would abide by the provisions of the still-unratified SALT pact, but warned that if the Soviets did not do likewise, the U.S. would step up its nuclear arms spending.

● More purchases of KC-10 tanker aircraft for in-flight refuelling, with research and development on a new long-haul, big-load cargo aircraft, the CX. The Gulf is obviously in mind here.

● Two new "maritime pre-positioning ships"—basically floating bulks with a lot of hardware aboard. This new class of ship might provide a fall-back if Washington does not secure the base facilities it is seeking



BUDGET FORECASTS

	1979 (actual) $bn	1980 (est.) $bn	1981 (est.) $bn	1982 (est.) $bn	1983 (est.) $bn
Receipts	466	524	600	691	799
Outlays	494	564	616	686	774
Surplus or deficit	—28	—40	—10	+5	+25

from some countries around the Indian Ocean.

● Seventeen new ships—more than last year, though with less dollars because the current budget has $2bn for a nuclear carrier. The goal, Mr. Brown said, is 100 new ships over the next five years.

● A 25 per cent spending increase to stock up on spare parts, and more funds for training operations which Mr. Brown claimed had been neglected in the past. The U.S. had to ensure it did not have more weapons than it had the money to operate, the Defence Secretary said. Among the "marginal programmes" being pruned is the U.S. development of the British Harrier jump jet, for which there is now no money in the budget.

On the question of whether the U.S. could back up its Gulf commitment before these long-term programmes came to fruition Mr. Brown admitted that getting U.S. ships or sea-borne marines there would take about two weeks, while the Russians at least had ground troops much nearer.

However, he went on: "I would urge that no one underestimate our ability" to get forces out there in a matter of days—and added that in a conflict friendly countries would almost certainly give the U.S. use of air bases.

Kennedy attacks Carter policy on Afghanistan

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

SENATOR Edward Kennedy yesterday proposed an immediate wage and price freeze and instant implementation of petrol rationing, in a major attempt to reverse his slumping political fortunes.

His far ranging speech, made at Georgetown University here, was probably one of the most important he has ever given in his political career. The senator, in effect, offered the nation the State of the Union message he thought President Carter should have given last week.

On foreign policy, he accused the President of exaggerating the risks the U.S. now faced from the Soviet invasion of Afghanistan. "Exaggeration and hyperbole are the enemies of sensible foreign policy," he said.

He called for the immediate creation of a United Nations Commission to examine Iranian grievances against the deposed Shah—though he said this body should not commence its work until the American hostages in Tehran had been released.

He also implied that the taking of the hostages was invited by President Carter in his decision to admit the Shah to the U.S. for medical reasons. He also implied that tha Administration had been tardy in recognising that the Soviet Union was likely to invade Afghanistan.

The senator has been frustrated in his campaign for the Democratic Party's Presidential nomination by the consuming national interest in external affairs. But he argued that "there was no suspension of public debate" when Nazi Germany invaded Europe in 1940, also an American Presidential election year, even though that constituted a far more grave threat to peace than anything recently.

Yet the foreign policy prescription he outlined does not differ except in emphasis from the policies now being espoused by the Carter Administration.

On the domestic side, the Senator was much more specific. His aides claimed that an immediate wage and price freeze, which should also be applied to dividends, profits, interest rates and rents, could immediately bring down the annual increase in consumer prices from the current 13 per cent to about 5 per cent.

The implementation of petrol rationing could reduce petrol consumption by about 24 per cent, saving 1.7m barrels of imported oil a day.

Mr. Kennedy, as expected, was also adamantly opposed to the draft, which, he said, only amounted "to reams of computer printouts that would be a paper curtain against the Soviet Union." He went on, to warm applause from his student audience: "We should not be moving toward the brink of sending another generation of the young to die for the failure of the old in foreign policy."

As a speech it was well written, full of the sort of rhetorical phrases that President Carter's speech writers seldom deliver, and well spoken.

Whether it will revive his campaign is another matter, however. The latest polls now show Mr. Kennedp substantially behind President Carter in the New England states, his home territory, which are holding caucuses and primaries in February and March.

Energy saving gets high priority

HIGHER public spending on synthetic fuel development, increased tax credits for companies and individuals to conserve power, and a switch in nuclear priorities are the main changes in the energy budget which President Carter presented to Congress yesterday.

Defence apart, energy is the only sector to come out well ahead of inflation in the new federal budget proposals. A rise in energy outlays is planned from $7.6bn to $8.1bn in 1980-81, plus an increase in overall energy tax credits to $6.6bn.

Announcing his department's budget, Mr. Charles Duncan, the Energy Secretary, said it assumed Congress would soon give final approval to the Administration's plans for an Energy Security Corporation to underpin synthetic fuel production, an Energy Mobilisation Board to speed up energy projects, and the new tax on oil company profits. Most of the tax's proceeds next year would, however, go to paring the overall federal deficit.

Most spending next year to increase energy supply—on alternatives like synthetic oil and gas from coal, solar generated electricity, and automobile fuel from grain alcohol—will only pay long-term dividends. Of more immediate impact on the U.S. energy picture may be conservation, for which the Government proposes paying $1.2bn directly and $739m in tax breaks.

The budget suggests the U.S. Government may return to the world oil market this year to buy more for its strategic petroleum reserve which, at a planned level of 750m barrels by the late 1980's, would help insulate the U.S. from future world oil crises, the Carter Administration believes.

Money in the new budget for such purchases is apparently based on the assumption that the U.S. Government could resume buying around 100,000 barrels a day from June 1980 onwards. But Mr. Duncan said this would only be done after consultations with other oil-importing countries and a close look at the international market.

The Administration has again requested no money for the Clinch River fast breeder reactor programme, which it argues has a distant and very doubtful prospect of economic success. The problem is that Congress has kept putting back funds for it. But in the wake of the Three Mile Island accident, the Administration has doubled money for light water reactor safety and given the Nuclear Regulatory Commission $170m more to improve its enforcement of safety.

Congress asked for rise in foreign aid

President Carter has asked Congress for a $200m rise in foreign economic aid to $6.2bn in 1980-81. This is less than last year's increase, and is a drop in real terms, with the nominal increase being split equally between bilateral U.S. aid programmes and multilateral agencies such as the World Bank.

But Congress is being asked to rush through a special $100m aid package for Pakistan, supplementary to the 1980 aid allocation, on the grounds that that country is threatened by the Soviet Union in neighbouring Afghanistan. This is part of the $400m amount the U.S. is offering which General Zia-ul Haq recently described as "peanuts."

Countries whose security is held to be important to the U.S.—chiefly Israel, Egypt and this year also Turkey—would get $2bn in economic aid in 1980-81 under the new budget. The U.S. now gives away many fewer arms than it sells abroad for cash, and military aid is scheduled to fall from $897m this year to $751m next.

Oil basins found off Alaska

BY DAVID LASCELLES IN NEW YORK

THE EXISTENCE of five more large oil basins off the coast of Alaska has been confirmed by the U.S. geological survey. However, estimates of the amount of oil they contain and how long it will take to open them up vary widely.

The survey's report is based on seismic exploration of the Bering Straits separating Alaska from the Soviet Union, and the Chukchi sea to the north of Alaska. Two of the newly found fields appear to extend into waters claimed by the Soviet Union.

According to the survey, the basins could contain several billion barrels of oil. However, the sedimentary areas lie at depths and in climatic conditions that would stretch current oil production technology to the limit.

The largest basin is the Navarin Basin which is 150 miles long and runs north of the Aleutian Islands towards the Russian coast. Another is the Chuckchi Basin which lies astride the division of U.S. and Soviet territorial waters north of the Bering Straits. Both basins extend into areas claimed by the Russians.

The survey said, however, that its ships had worked unmolested in these areas. The three other basins are somewhat smaller and lie closer into the Alaskan west coast.

The survey is charged with mapping U.S. geological resources. However, its reports do not necessarily imply that oil exists in these areas in commercially exploitable quantities. Instead, they are used more as a guide by the oil companies for drilling of their own.

'Give older graduates a chance'

By Michael Dixon, Education Correspondent

EMPLOYERS COULD make up shortages of bright young people for jobs such as computer programming and sales management by recruiting older graduates from the Open University, said Lord Perry, the university's vice-chancellor, in London yesterday.

"When the manager looks today at his graduate-staff needs, he must stop thinking almost exclusively in terms of people in their early 20s with brand-new suits and dresses, and no work record," Lord Perry said.

The value to industry of the Open University — which had enabled about 39,000 part-time students to gain degrees — was also emphasised by Mr. James Prior, Employment Secretary.

Open University students "represent a very valuable manpower resource for employers," he said.

Industry and commerce might well consider how they could help these students, by helping to pay their fees, giving leave to attend summer schools, and by rewarding their academic achievements with promotion.

Move for energy consensus

BY RAY DAFTER, ENERGY EDITOR

Politicians in both the Commons and the Lords plan to form an all-party energy study group. It is proposed that energy companies will be invited to join as associate members.

A group of MPs and Peers say there was a need for a consensus approach to energy planning. A letter sent to interested members in both houses said energy policy was one of the most crucial questions faced by the country.

Major energy policy decisions involved long lead times so that "the Government responsible at the time is unable to reap either praise or blame." The group plans to hold an inaugural meeting on Wednesday next week.

Behind the move are: Mr. David Crouch, Conservative MP for Canterbury, Lord Ironside, Mr. David Lambie, Labour MP for Ayrshire Central, the Earl of Lauderdale, and Dr. Dickson Mabon, Labour MP for Greenock and Port Glasgow and former Minister of State for Energy.

They say in their letter the group would seek ways of studying energy matters away from party controversy. The principal aim would be to inform members about the scientific, engineering and economic aspects of energy. The group would also take into account social and environmental implications.

"The group does not see itself as a platform for environmental protest. Its concern is for continuity in energy policy."

The letter said companies in energy industry would be invited to join the group as associate members. It was hoped in this way to forge closer links between politicians and industry

'Import controls may be needed'—BIM

BY JAMES McDONALD

A BALANCE must be struck between disciplining industry to make it more efficient and helping it with selective import controls, Mr. Leslie Tolley, chairman of the British Institute of Management, said yesterday.

He said in Engineers' Digest many sectors of industry, including textiles, cars, motor-cycles, television sets and radios, would not get back to a healthy state unless they received protection. But this would have to be done "carefully."

He said that because Britain was in the European Economic Community import controls could not apply to the EEC. "We have a free market interchange and it is just as much up to us to win European markets as it is up to us to defend the UK market.

"This can only be done by increasing our productivity to European levels and maintaining the sort of efficiency that we see in such countries as Germany."

But Britain's imports were by no means related only to Europe. "The problems we have in a large section of our industry originate from the Far East and from the Eastern bloc.

"In both cases there is little reciprocal trade in manufactured goods. There is a different approach to international trade and, as far as the Far East is concerned, a fundamentally different culture and financial outlook which we cannot be expected to cope with.

"We must be prepared to find some way of preventing these countries from running away with our domestic market," Mr. Tolley says. In many cases this can be done on a voluntary basis. "But certainly something must be done, in one way or another, if we are to restore our manufacturing industry."

Tachograph manufacturers open battle

● NEWS ANALYSIS ● Lorne Barling surveys the prospects for three British-based manufacturers as they compete to supply the 350,000 tachographs which lorry operators will need by the end of next year. Competition will centre on design rather than price.

THE BRITISH market for tachographs, which may approach £100m in the next two years as lorry operators become legally obliged to fit them, is creating intense competition among three British-based suppliers of the devices.

Last week's decision by the [illegible] road transport unions, the Transport and General Workers and the General and Municipal Workers, not to call strikes over the use of tachographs — which monitor the mileages vehicles travel and the hours which they are driven —has added impetus to the sales efforts of the companies.

They are Lucas-Kienzle a Midlands-based subsidiary of Lucas, the UK automotive electrical group, and Kienzle of West Germany, Veeder-Root, an American-owned company based in Dundee, and Smiths Industries, the UK motor parts group.

Under legislation which stems from an EEC directive about 350,000 existing British commercial vehicles must be fitted with tachographs by the end of 1981. The average installation cost, including labour, the tachograph, and related equipment, will be £220.

There is a large market for tachographs for new vehicles, although its size is more difficult to judge since the use to which a vehicle is put determines whether a tachograph is needed.

Lucas-Kienzle, which already dominates the UK market, is favoured to win the biggest share of the new business, benefiting as it does from the experience of Kienzle of Villingen (one of the world's largest tachograph manufacturers) and the Lucas infrastructure in Britain.

Truck manufacturers generally allow customers to specify the type of tachograph they prefer. Of all BL vehicles sold up to the end of last year, 40 per cent of buyers chose Lucas-Kienzle equipment, 30 per cent Veeder-Root, and 15 per cent Smiths. The remainder took speedometer type equipment.

Kienzle tachographs sold in the UK are imported from West Germany. Assembly at Lucas-Kienzle's new premises near Birmingham seems unlikely, although there is provision for this.

The three companies are setting up a string of fitting and calibrating stations across the country. Lucas-Kienzle has 107 out of a planned maximum of about 150, putting it well ahead of the others.

There is likely to be little price competition, making product design a potentially decisive factor in determining market shares. Though most operators see the installation of tachographs as an expensive chore, Lucas-Kienzle points out there can be savings of up to 10 per cent in fuel consumption and important benefits on tyre and engine wear.

The company intends to persuade users that it is worth installing the most suitable of its three types—cable driven, electronic, and automatic—to achieve these savings.

It points out that drivers may prefer a particular type. By supplying it a company is more likely to win their co-operation and as a result cut costs.

Lucas-Kienzle also has a computer service which allows users to have their installation expertly analysed, rather than rely on their own interpretation.

Veeder-Root, the only company manufacturing tachographs in the UK, claims to have significantly eroded Lucas-Kienzle's position in the past three-and-a-half years and gained a lead in sales to truck manufacturers. The company has a substantial export business, mainly to EEC countries, now worth about £3m a year.

Its U.S. parent supplies 80 per cent of the world market for petrol pump computers and makes electronic and mechanical counters for a range of industrial equipment.

The product being marketed by Smiths Industries is manufactured in France by Jaeger-Gitac. Like Lucas-Kienzle, the company is wary of manufacturing in the UK because of the strength of competition.

But it has invested about £4m in the tachograph business.

£50,000 aid for redundant workers

By Robin Pauley

A LONDON borough has earmarked £50,000 to help redundant workers start their own businesses.

Hackney Borough Council has taken the step primarily to help employees made redundant by Lesney Products, makers of Matchbox toys, which has its headquarters in Hackney.

Earlier this month the company announced that 1,200 workers would lose their jobs—1,052 of them in Hackney. The strength of sterling, UK inflation, the low birthrate and the switch from traditional to electronic games have hit the company hard.

Lesney, Britain's largest employer in the toy industry, exports 85 per cent of its production. It has already cut staff levels in the U.S. and plans to close its unprofitable Japanese sales subsidiary.

Under Hackney's scheme employees, who left the company last Friday after an agreement that they should leave before the statutory 90-day notice period and receive compensation for so doing, will be helped to start their own businesses or co-operatives.

The money will provide grants for paying the rent on industrial premises. Rate rebates may also be available.

The council-backed Hackney Business Promotion Centre is co-ordinating efforts by giving step-by-step advice on form filling, registration and other bureaucratic procedures.

Before the Lesney redundancies were announced 5,700 people were registered as unemployed in Hackney — about 8 per cent of the workforce.

Workers at two other companies in the borough also face redundancy in the coming months.

All 230 skilled workers at Quality Shoe Group will lose their jobs by May because the company is moving its manufacturing base to Wales.

H. Mono makers of ladies tailored garments, has announced 115 redundancies as the latest phase of reductions which have been taking place over the last few years.

Shell may sue over tanker loss

BY WILLIAM HALL, SHIPPING CORRESPONDENT

SHELL International Trading is considering legal action to recover the cost of a $70m cargo of oil which has disappeared in mysterious circumstances.

The loss of the ship carrying the cargo, the Salem, is also causing considerable concern in insurance circles.

The loss of a 213,928 dwt very large crude carrier (VLCC) is a rare occurrence in any circumstances. But the sinking of the Liberian-registered Salem off the West African coast on January 17 has caused more than usual interest because of a number of unanswered questions.

The ship, which had changed owners the previous month, had left Kuwait for Italy on December 10. On January 17 it was sighted off the West African coast by a British tanker. Two days earlier a VLCC owned by Esso, which had left from roughly the same destination and followed the same route had unloaded its cargo at Wilhelmshaven in Germany.

Apart from the slowness of the voyage the other question perplexing investigators is that no major oil slick has been sighted. The Salem was carrying 193,000 tons of crude oil.

The Liberian authorities are conducting a preliminary inquiry in Piraeus but investigations are hindered because the Greek officers and master have not yet been repatriated from Dakar, where they were landed by the British tanker.

Shell is concerned about the loss of the Salem because it had bought its cargo of crude oil from a Lausanne-based firm Pontoil during the voyage.

Shell has had to pay for the oil and says that since the cargo disappeared under suspicious circumstances investigations are proceeding.

The Salem was bought in Dubai in December by Oxford Shipping, a Liberian company which is understood to be owned by Houston interests. Before that it was called the South Sun and was owned by another Liberian company, Pimmerton Shipping.

The Salem was built in 1969 for the Salen Group, the large Swedish shipping company which ran into financial difficulties in 1975/76. The Sea Sovereign (as the Salem was initially known) was sold privately in early 1977. No price has been mentioned but the market value of tankers like the Salem at that time was about $7m. Prices have increased since then to about $12m.

British Aerospace fire destroys £20m spares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 70 airlines throughout the world using British Aerospace aircraft are unlikely to have to ground them because of a shortage of spares after a fire on Sunday which destroyed the company's spares depot at Weybridge, Surrey.

The fire is estimated to have destroyed £20m worth of spares for 11 different types of aircraft. But manufacturing facilities and records were undamaged, and fresh spares can be made.

Most airline operators carry stocks of spares and can keep going for some time.

The fire came after blasts believed to have been caused by exploding gas cylinders. As firemen damped down the smouldering wreckage yesterday, an investigation into possible causes was begun.

At this stage, arson is not suspected. Nor is there believed to be any connection between the Weybridge fire and a recent fire at another British Aerospace plant at Hatfield, the cause of which has not yet been discovered.

Spares carried in the Weybridge plant include those for One-Eleven, Concorde and VC 10 jets and Vanguard, Viscount and Britannia turbo-prop airliners.

British Aerospace yesterday began an emergency operation to ensure a continued supply of spares to airline operators. Some private companies, such as Aerocontracts of Gatwick, have stocks of spares, and BAe's own depot at Dulles Airport, Washington, has substantial stocks.

The company plans to manufacture rapidly both at Weybridge and elsewhere those parts in most urgent demand.

A spokesman for the Surrey police said yesterday that it would probably be some time before experts could determine the cause of the blaze. The depot and its contents were covered by insurance.

Former British Airways routes all reallocated

THE CIVIL Aviation Authority has completed the reallocation of those UK domestic air routes which are being given up by British Airways, Michael Donne writes.

From April 1, Dan Air Services will be allowed to operate on the Bristol/Cardiff-Dublin, Newcastle-Dublin and Bristol/Cardiff-Paris routes, and Air UK will fly between Leeds/Bradford and Dublin.

Before Christmas the authority reallocated more than a dozen routes being given up by British Airways. Air UK, Guernsey Airlines, British Midland, Dan Air and Jersey European Airways all gained some of them.

British Airways decided to give up these routes from April 1 because they were losing more than £6.5m a year. The independent airlines now given the routes have all said they can operate the routes at a profit.

The Civil Aviation Authority has given another independent airline, Alidair, rights to fly charter services on a number of routes during the coming summer, as an experiment.

The routes are Birmingham-Jersey (80 return flights), Leeds/Bradford-Jersey (26), Coventry-Guernsey (26), Exeter-Jersey (26), and Cardiff-Jersey (26).

The authority said its decision stemmed from its belief that while there was a need for charter flights between those destinations it was still necessary to protect the new scheduled licences awarded to other airlines.

It believes the new charter services would offer price savings and more convenient travel arrangements without significant disadvantages to those scheduled services linking the same points.

Sheffield industry bid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

SHEFFIELD YESTERDAY launched a two-day presentation in London to attract more industry to the city, where unemployment is slightly below the national average.

Sheffield wants to attract more white-collar workers. The city is concerned that a big percentage of its manufacturing industry is tied to steel.

The London presentation is one of a number which Sheffield has been holding.

It has also brought in parties from the Continent, especially Germany, and played host to a group of Japanese businessmen visiting Britain.

Industrial sites are available for incoming companies though there are not many of more than 20 acres. What the city is seeking is medium-sized concerns that would provide jobs for 100 or more people.

Labour's social 'failure'

THE LAST Labour Government is criticised for its failure to plan either the economy or social policy on a long-term basis in a Fabian Society study published yesterday, writes Peter Riddell.

The study consists of essays examining the 1974-79 government's record on social welfare and equality.

In one of two introductory chapters Mr. Nick Bosanquet of the City University says after a "useful beginning," with higher pensions and child benefit and the Employment Protection Act," the central failure was not in handling the recession of 1975 but in turning the short-term imperative of restraint into a permanent philosphy for public expenditure.

"The Government seemed to have no belief in public services and its approach to the tax system was one of diffident conservatism."

"Labour and Equality: a Fabian Study of Labour in Power, 1974-79," edited by Nick Bosanquet and Peter Townsend, Heinemann Educational Books, £9.75 hardback, £4.50 paperback.

Investment trip for Derbyshire

DERBYSHIRE County Council's economic development committee has decided to send two officers to the Pacific coast of America to try to increase industrial investment in the county. The committee is also to consider the appointment of an agent for Japan.

Revenue probes builders' payments

INLAND REVENUE officials are investigating 37 cases of suspected tax abuse involving payments totalling £20m made to construction industry sub-contractors.

All the cases involve companies issued with the controversial 714C certificate which allows payments to be made gross to building sub-contractors, under construction industry tax deduction legislation.

News of the investigation into suspected tax abuses between 1977 and 1979 was announced in a consultative document on construction industry tax deduction schemes published by the Inland Revenue.

In the document the Revenue said it intended to have discussions with construction industry bodies on problems raised by the "continuing abuse of the more flexible arrangements which were introduced for companies holding 714C certificates."

The present rules for controlling payments to sub-contractors were introduced in 1975. These were designed to correct weaknesses in earlier legislation which "made it possible for people wishing to evade tax to purchase "shell" companies and channel payments through them without deducting tax."

The Inland Revenue accepted in its consultative document that the present system "imposes a heavy administrative cost on the industry" and in certain circumstances produces "indefensibly harsh results."

Anomalies

But, it concluded: "The highly mobile nature of the workforce and the history of past abuse suggest that some sort of arrangement for the deduction of tax at source will continue to be necessary in the construction industry."

The consultation paper suggested some relaxation in the qualifying rules for sub-contractors' certificates.

The rule insisting that sub-contractors must have worked in the UK for the whole of three years preceding an application for a certificate had prevented many contractors from obtaining certificates because they had been unemployed or sick.

But the arguments for more flexible rules for non-construction companies had to be "balanced against the possible loss of tax on very substantial sums of money."

The Revenue said it carried out a review of 28 businesses which had been regarded as contractors for the purpose of the deduction scheme, but which were not building contractors "as commonly understood." These companies had made payments in excess of £130m in 1977-78 to sub-contractors.

The Construction Industry Tax Deduction Scheme. A Consultative Document. Board of Inland Revenue.

Howe optimistic on world economy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, Chancellor of the Exchequer, yesterday expressed qualified optimism about the prospects for the world economy.

In a lunchtime speech to the Association of Economic Representatives in London, Sir Geoffrey said he believed "the industrial countries might now be able to staunch the inflationary effects of higher oil prices rather more successfully than in 1974."

It was widely recognised on the one hand that higher oil prices must be passed on to consumers in full. "On the other hand it is appreciated that the resultant increase in relative prices must be prevented as far as possible from triggering a self-defeating wage-price spiral."

There was an encouragingly wide acceptance that there was no feasible alternative to these policies. They could obviously be uncomfortable in the short run and they could mean higher interest, at least in nominal terms, and little if any growth in real incomes.

"But they are not an exercise in collective masochism. On the contrary, they are an acknowledgement of the folly of relaxing policies in an attempt to offset the loss of activity caused by a major transfer of purchasing power to the oil producers."

This reflected the bitter experience of the mid-1970s oil shock when countries which tried to maintain growth by stimulating demand faced soaring inflation.

Sir Geoffrey recognised that a large share of the deficit resulting from the increased surplus of the oil-producing countries was bound to fall on the shoulders of the less developed countries.

"This points to the possibility that, as in 1975, these countries will not be able to afford a growth in imports sufficient to match their population growth."

He hoped the process of recycling would, with reasonable care and prudence, again work well, but it would have to be watched closely.

Sir Geoffrey said it was a pity some countries had been so reluctant to borrow from the International Monetary Fund. He thought the fund handled the question of conditionality on borrowing in a reasonable manner.

Asda revives prices war

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE High Street supermarket price war flared again yesterday when the Asda superstores group announced a major price cutting campaign to boost its market share.

The move came as a surprise to the grocery trade which had thought the price war of the past two-and-a-half years—which was started when Tesco launched Operation Checkout in June 1977—had stabilised.

Asda, which has some 72 superstores and supermarkets, plans price-cuts of between 5 and 20 per cent on some 300 food and non-food items. The total cost to Asda of the price cuts will be about £5m this year. The Tesco campaign in 1977 cost £20m.

Asda's strategy is to boost its market share, currently just under 7 per cent, to enable it to pay for the price cuts without having to make large reductions in its profit margins.

Asda is already the cheapest grocery multiple in the country, according to trade figures which show Asda some 8 per cent below the average supermarket prices.

But Asda's gradual move into the more lucrative south-eastern grocery market has prompted it to cut prices even further to attack established stores such as Tesco and J. Sainsbury.

Both Tesco and Sainsbury have already launched their 1980 price-cutting campaigns which, although not as extensive as the new Asda move, still make them extremely price competitive.

The latest market share figures give Tesco some 14.5 per cent of the market while Sainsbury has about 11.6 per cent, its highest ever share of the market.

The Asda move means that prices will continue to remain competitive during 1980, but the real issue over which the continuing High Street price war will be fought will be the battle for superstore development.

All the major multiples are currently pressing ahead with plans for a number of large stores to be opened this year to give them extra trading space.

The key is that with the extra volume capacity, the grocery multiples will be able to increase both sales and productivity at the expense of their less efficient competitors.

Scottish public spending highest

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SIGNIFICANTLY higher per capita level of public spending in Scotland compared with both England and Wales is challenged in an official study of the level of public spending in different parts of Britain.

The "needs assessment study" was undertaken as part of the devolution exercise by a team from various spending ministries under Treasury leadership, but has only recently been published.

It questions the basis on which funds have been allocated in the UK. In place of the essentially subjective system, which takes account of political factors, the report puts forward an "objective" formula, using the same criteria for each country.

The report has not yet been considered by ministers. The Treasury said yesterday: "This study was undertaken at the request of the previous Government and the present Government has no commitment to it in any way."

Some civil servants, notably in theScottish Office, wanted the report to remain private. It has ben released at the request of the Welsh Office, which sees it as useful ammunition in negotiations over the division of resources. Regional funds are bound to become more hotly contested as pubilc expenditure is progressively restrained.

The Welsh Office said yesterday: "We were very keen to have the report published and to use it as a reference point in negotiations over future public spending allocations."

The report calculates the actual spending in each country using 1976-77 figures and compares it with what would have been spent under the "objective" formula.

In Scotland, Government spending per head of population was 22 per cent higher than in England. In Wales it was 6 per cent higher. Northern Ireland which is regarded as a special case, had spending 35 per cent above the English level.

Using the objective formula spending would have been spread more evenly. Scotland would have come out 16 per cent above England, Wales 9 per cent higher and Northern Ireland 31 per cent.

In terms of the 1976-77 budget application of the objective formula would have reduced public spending in Scotland by 4.7 per cent, with health, education and environmental services the main sufferers. Spending in Northern Ireland would have gone down 3 per cent. In Wales it would have risen 2.9 per cent.

The report's authors qualify their findings by saying the study was not exhaustive and would need regular updating if it were to be of any practical use.

Reluctant obedience to union in private sector concerns

BY OUR INDUSTRIAL STAFF

IRON AND STEEL Trades Confederation members in private sector concerns yesterday appeared to have largely accepted the union's strike call, although in some cases their action was evidently being taken with reluctance.

The union has about 17,000 members in the private sector.

Two plants continued to work. At a Bredbury, Greater Manchester, rolling mill—Exors of James Mills—the 150 ISTC members worked normally. Other private steel companies in the area were idle.

The Sheerness Steel works in Kent with 400 ISTC men was also working.

In Sheffield where most of the 1,000 ISTC members employed at Firth Brown—the city's largest private sector steel maker—turned up for work, they went home again on union advice. The pattern appears to have been similar at other private sector works where ISTC men are employed.

The action has shut down melting at most of Sheffield's private plants, but operations in other departments were reported last night as going ahead as normally as possible. They may be brought to a halt progressively, however, as supplies of raw material dry up.

The situation in Sheffield is generally mixed, however. Some small private sector steel makers do not have any ISTC members and are working normally. At other small companies, some ISTC members were reported to be working earlier in the day, although some were later called out by union officials.

In Manchester, the Norwegian-owned Manchester Steel, was halted completely yesterday after about 450 men had been ordered to join the dispute by union officials.

Workers at the plant which successfully concluded its own wage negotiations before Christmas, said yesterday that some three-quarters of the labour force were unhappy with the union instruction which has resulted in the company's first stoppage ever.

ISTC workers at Edgar Allen, Balfour plant, also in Manchester, joined the strike and picketing is continuing at steel stockholders throughout the region.

STEEL STRIKE

In Scotland, the local strike committee called on steel workers in the private sector to ignore Lord Denning's ruling, since the Court of Appeal had no jurisdiction North of the border.

However, Scotland has only two private-sector plants of any size, and both were already closed. Charles Williams and Sons, Wishaw, has been shut down, since soon after the dispute started, as a result of picketing. And Parkhead Forge, Glasgow, was on holiday yesterday.

Strike organisers say ISTC mecmbers at the company will not report to work when the forge re-opens today.

In the Midlands, the private steel industry was at a virtual standstill by last night as workers ignored the Appeal Court decision and joined the strike.

Mr. Roy Bishop, Midlands divisional officer of the Iron and Steel Trades Confederation, said support from the 10,000 workers in the private sector had been total. Steel re-rolling had been stopped at 22 companies including Ductile, Duport, Glynwed and Guest Keen and Nettlefold.

Steel manufacture had been halted by the walk-out of around 2,000 workers at Patent Shaft works, Wednesbury, he said. The other private manufacturing plant in the region Round Oak was stopped more than a week ago by the refusal of workers to allow the despatch of finished products.

The West Midlands office of the Confederation of British Industry confirmed that nearly all workers appeared to have obeyed the strike call. Around 3,200 other workers had been laid off because of the dispute, but the CBI believed it would be another two or seven weeks before steel users were hit.

Mr. Bishop warned that even if his executive recommended workers to follow the Appeal Court's decision and call off action, the private sector could still be seriously affected.

He thought many members would take matters in their own hands and continue the strike regardless. The resort by the employers to the law courts had hardened attitudes and caused greater militancy among members in the private sector.

Mr. Bishop said shop stewards at Round Oak, Patent Shaft and Ductile had sent resolutions to the ISTC executive urging continued strike action.

Mr. Bishop maintained that as only 16 companies were party to the injunction gained in the Appeal Court, action could still be taken against other private steel concerns. He believed the manufacturing works at Round Oak and Patent Shaft would remain at a standstill in addition to a number of re-rolling companies in the Midlands.

Action against the re-rolling mills, the bulk of which are located in the Midlands, is particularly damaging as they meet the more sophisticated requirements of manufacturing industry. Mr. Bishop said small factories which relied on the re-rollers for steel would be affected quickly.

Workers at the Metal Box factories in Mansfield and Sutton in Ashfield, Notts, will be employed on a day-to-day asis from Thursday next week if the steel strike continues, the company said yesterday.

About 2,000 hourly-paid workers at the two plants will be affected and there would be lay-offs.

Metal Box said: "We have said, since the dispute started, that we only had supplies to last until mid-February and we are almost there."

Better TV for West region

ABOUT 1,000 people in Uley and Woodmancote, Gloucestershire, will be able to enjoy better television reception when the new IBA Dursley relay begins transmissions on Friday, carrying the programmes of HTV West on Channel 43.

For the first week programmes may have to be interrupted for further engineering work.

Ulster conference walk-out averted

By Stewart Dalby

THE CONSTITUTIONAL conference on Northern Ireland arrived at discussion of one of the most vexed issues on the agenda, power sharing, at its tenth session yesterday.

Mr. Humphrey Atkins, Northern Ireland Secretary, the chairman of the conference, managed to avert a much-predicted walkout or confrontation between the main Unionist and Roman Catholic delegates.

He issued a carefully-worded statement: "A modification of either the pre-1972 system of government or the executive power sharing arrangements of 1974 would not necessarily be regarded as out of order." He regarded the question of interests of the minority community as a "crucial dimension."

In an attempt to dampen speculation that the Government has proposals of its own to impose on Northern Ireland if the conference fails, Mr. Atkins took the unusual step of saying later: "Nothing could be wider of the mark than to suppose that the Government was half-hearted about the conference, or that it was acting out a part before producing a scheme of its own out of the cupboard."

Mr. Atkins' formal statement came as a palliative to Mr. John Hume, SDLP leader, and the chief Catholic minority representative at the conference, and seems to have ensured that he will return to it today.

But Mr. Atkins prefaced his reassuring words by reiterating part of the working paper on which the conference is based: "Nor, since there is no serious prospect of agreement on them, will the conference be invited to consider either a return to the arrangements which prevailed before 1972 or a revival of the system which obtained in the first five months of 1974."

Satisfied

Mr. Ian Paisley, the main Unionist delegate at the conference, has insisted there can be no return to power sharing, and he will not consider SDLP participation in any Northern Ireland Cabinet level in a Northern Ireland rulin gbody. Mr. Atkins seems, therefore, for the moment to have satisfied both majority and minority delegations.

The loophole that Mr. Atkins has left Mr. Paisley to ensure his continuing presence at the talks is that he is not actually said the so-called "modifications" to power sharing should mean Catholic participation at Cabinet level.

On the other hand, the statement was so worded that Mr. Hume can read into it the possibilities of representation at the highest levels.

BA starts non-stop flights to Seattle

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS will launch a three times a week service between London and Seattle in the U.S. on April 27, with a cheap fare of £159 for the round trip.

This Super Apex fare will, however, be available only on the first eight departures from each point, and is designed to boost initial loads. The normal return fare will be £289.50.

Bookings for the first eight flights can be made now. Payment must be made at the same time.

BA was awarded the London-Seattle route as part of the Bermuda Two air agreement with the U.S. signed more than 18 months ago. The U.S. airline on the route is Pan American.

Both airlines will fly non-stop. The BA flights, using 747 jets, will leave Heathrow at 4.30 pm, arriving in Seattle at 6.05 pm local time, on Tuesdays, Thursdays and Sundays.

MP criticises 'complacency' on jobless

MR. GAVIN STRANG, Labour MP for Edinburgh E., has criticised the Government for its "complacency" over unemployment and accused it of having "abdicated responsibility" for the creation of jobs.

"For the first time for more than half-a-century Britain is ruled by a Government which has abandoned full employment as a central objective of economic policy," he told a meeting of his constituency.

Tight money policy and cuts in investment, public expenditure and manpower, meant a "sharp and relentless" rise in the jobless in the next two years.

Only a complete reversal of policy could avert unemployment reminiscent of the 1930s.

Civil servants warn of difficulties in pay talks

BY PHILIP BASSETT, LABOUR STAFF

CIVIL service unions yesterday opened their pay campaign publicly by warning of likely difficulties in pay negotiations this year for 600,000 white-collar civil servants and by giving notice that any industrial action necessary would be taken jointly by all nine unions.

The warning is contained in a circular, approved by the staff side of the Civil Service National Whitley Council, the umbrella body for the civil service unions, which will be sent out this week by all the unions to their members.

The circular states there are "clearly visible indications that, once again, a great deal of storm and stress may have to be encountered before the 1980 pay settlement is finalised." Last year industrial action in the service over pay considerably disrupted the cash flow for Government and business.

The unions point to two areas of difficulty. They say that the Government seems determined to tackle the questions of pensions and job security in the service before the settlement, which would have "significant adverse effects" for all members.

The circular also records the "considerable doubt" among civil servants about the Government's real intentions on Civil Service pay this year following the disclosure in a leaked Treasury document of a 14 per cent limit for public service pay increases.

The Government has publicly stressed its intention not to fix a cash limit for the service until the findings of the independent Pay Research Unit's comparability exercise become clear next month. The circular says, though, that an increase of 14 per cent would be insufficient. The unit's reports show increases due of between 18 and 20 per cent.

Mr. Bill Kendall: Unions had learned lessons of last year's talks.

The circular also attempts to paper over the wide gaps that appeared between various civil service unions during last year's industrial action which was led by the two largest unions, the Civil and Public Services Association and the Society of Civil and Public Servants.

The splits between the unions led directly to a major examination of the structure of the staff side, which is still in process.

Mr. Bill Kendall, secretary-general of the staff side, said yesterday that the unions had learned the lesson of last year's negotiations. This year all the unions had agreed to co-ordinate any action necessary to maintain the sanctity of their pay agreement.

Negotiations on the PRU reports are under way to determine the true money rates which will then be used for negotiations on a final deal. Last year the unions won staged increases of an average of 25 per cent after selective strike action.

● Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants, yesterday said that the Civil Service Department had shown itself to be irresponsible and "widely and deservedly distrusted."

Mr. McCall was writing in his union's journal on the result of a recent arbitration award for Civil Service technicians, mainly IPCS members, which gave increases far below the IPCS claim and which Mr. McCall described as a "disaster" for the union.

He said there should be a review of the Department's role, following its concentrated attack on the technicians' grades.

The union, which has declared a programme of sanctions over the award, was facing a "crisis" over pay which affected the whole of the Civil Service.

Hospital disputes procedure approved

BY GARETH GRIFFITHS, LABOUR STAFF

THE GENERAL Whitley Council yesterday approved a new local disputes procedure for the National Health Service in an attempt to limit the effects of industrial disputes in hospitals.

Agreement on the new procedure had been delayed since last May and both management and unions hope it will mean an end to the escalating local strikes, such as the recent Charing Cross Hospital dispute in West London.

The procedure comes into effect immediately.

Until now fewer than half of the regional area and district health authorities have collective disputes procedures. Its aim will be to contain and resolve disputes as quickly as possible.

A two-month deadline has been established for the parties in a dispute to solve their problems. The status quo will be maintained during the talks when both sides will have access to each other on a formal basis.

The procedure provides for a dispute to be considered initially by the district management team, or, in the case of single district areas, by the area team of officers. If unresolved, the issue will be passed to a conciliation panel.

The panel will consist of between two and four union representatives and an equal number of members appointed by the employing authority. An independent chairman will be appointed by the panel for conciliation.

If the panel fails to resolve the dispute it will be passed on to officials from the Advisory, Conciliation and Arbitration Service.

All the unions represented on the Whitley Council will be bound by the new agreement. There was apparently tough bargaining from both sides at yesterday's meeting over the wording of the normal working clause.

Union officials said the insertion of the phrase "normal working" was open to abuse.

Last year's Royal Commission on the National Health Service, with Sir Alec Morrison as chairman, argued that the local disputes had become more comman and criticised existing arrangements. The absence of a local disputes procedure had led to a certain disunity in local collective bargaining machinery.

The moves towards last night's agreement were started by Mr. David Ennals, Social Services Secretary in the Labour Government, who last winter met leaders from both sides in an attempt to start a local procedure.

The Department of Health and Social Security is now expected to come to a similar arrangement, with the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union.

The two unions were the key ones involved in the Charing Hospital strike but are not Whitley Council members.

Meccano workers back hunt for buyer

By Our Labour Staff

AIRFIX INDUSTRIES' management is to be allowed back into the Meccano factory in Liverpool which has been occupied by its workforce for two months.

A mass meeting of about 550 people yesterday voted by a narrow majority to support proposals for a union-management working party to examine ways of finding a new buyer for the plant.

The meeting expressed concern about reports that Airfix had decided to arrange for a French manufacturer to produce Meccano and Dinky toys under licence. Mr. Mike Egan, General and Municipal Workers' Union Liverpool district officer, said the aim of the working party proposals was to make the plant more attractive to potential buyers.

Shop stewards at the plant gave the working party proposals their backing on Friday. The package deal allows management representatives to enter the plant to collect papers relevant to negotiations over redundancy payments and invoices. Meccano products will not be allowed to be taken off the site.

The working party, which has its first meeting tomorrow, intends to return the factory to Airfix at the end of February in a good condition. Discussions will be held on Thursday over the level of redundancies for the 940 workers.

Airfix has offered three months' pay as a lump sum and a £150 top-up payment for workers with more than 15 years' service.

Shop stewards said the occupation would be continued until February 28 when the normal statutory redundancy period expired. They denied there had been any loss of morale among the workers, although yesterday's meeting had the lowest attendance so far.

Government 'is using anti-union propaganda'

BY OUR LABOUR CORRESPONDENT

THE GOVERNMENT is using a "disgraceful smoke-screen of anti-union propaganda" to justify the proposals in its Employment Bill, says SLADE, the process workers union.

SLADE—the Society of Lithographic Artists, Designers, Engravers and Process Workers—said in a statement yesterday that it had a special interest in the proposed law since the Government had commissioned an inquiry into the union's recruiting tactics when it came to office.

"We were a scapegoat for much of the anti-trade union propaganda which won them the election last year, and we are now being used as an excuse for some of their anti-trade union legislation. We believe they are appeasing their anti-union friends who seem to be using every tricks the comes to hand to dirty SLADE. They say we are guilty of strong-arm tactics, of forcing people into the union and then denying them proper trade union rights once they are in."

The SLADE leaders claim that sizeable sums of money are being spent on propaganda against the union.

"Such a large amount of noise from such a small body of dedicated union bashers is being financed by someone, and it is time this information was publicly known. At some stage, too, the true political philosophy will be questioned of many of those people lending their weight, overtly and otherwise, to this anti-union and anti-SLADE campaign."

Industry, said the SLADE leaders, would survive to enjoy a reasonable future only to the extent that it tackled the problems of new technology, an increasingly fierce international market place, and achieved a more sensible trade union structure. This meant a greater and wider collective identity and effort.

Curbs on expulsion sought

PROTECTION against union expulsion for employees who refuse to take part in strikes which endanger life, health or public safety was demanded by the Association of British Chambers of Commerce yesterday.

Workers should similarly be protected if they refuse to take part in stoppages which breach procedural agreements, a delegation from the association said during a meeting with Mr. Patrick Mayhew, Parliamentary-Under-Secretary for Employment, yesterday.

The delegation told the Minister, during a discussion on the proposals in the Employment Bill, that it was essential for the law on secondary blacking—the issue raised again by the Court of Appeal judgment against the Iron and Steel Trades Confederation—to be clarified. In the association's view it was unacceptable that employees who had no dispute with their employer should be forced to withdraw their labour.

Rise in level of pay deals

FIRST SIGNS of a marginal increase in the level of pay settlements towards the end of last year was reported yesterday by the Confederation of British Industry's pay data bank.

Settlements covering more than 6m workers have been reported to the CBI. Those covering private sector deals show that two-thirds of the rises fall between 12 and 17 per cent, compared with 12 to 16 per cent in earlier periods.

But, with the total spread ranging from 5 per cent to more than 20 per cent, the CBI continues to stress that there is "no single going rate."

Ship diverted from Mersey

ANOTHER SHIP was diverted from the Mersey yesterday as a result of the unofficial strike of 234 shore gang men who lash general cargo and containers in the holds.

They walked out on Friday in protest at the redundancy terms offered to 24 men whose jobs have been axed in an economy move.

UK NEWS — PARLIAMENT and POLITICS

Thatcher spells out Soviet threat to West

BY JOHN HUNT

THE Russians have meddled in the West's affairs at every turn and have refused to conduct their domestic affairs in a "civilised and democratic manner," the Prime Minister said yesterday.

"They have worked directly and indirectly against Western interests wherever they could," she said when she opened a major debate on East-West relations and the Soviet invasion of Afghanistan.

Mrs. Thatcher made it clear that she saw the action in Afghanistan as a grave threat to Iran, Pakistan and the Gulf States.

She emphasised the need for Britain and the West to strengthen their defences, but insisted that the process of genuine detente should go on where possible.

The Opposition leader, Mr. James Callaghan, agreed with aspects of Mrs. Thatcher's speech, but placed greater emphasis on the need to combat Soviet expansionism by political and economic means.

He urged a summit of the seven leading Western industrialised countries, which should then enter discussions with the Governments of the Middle Eastern oil producing states.

MPs were in sober mood at the start of what was probably the most significant foreign affairs debate to be held in the Commons over the past decade.

Mrs. Thatcher told them: "Detente is indivisible or it is nothing. So long as the Russians refuse to accept this, so long as they go on trying to defeat the West by all means short of war, we shall do whatever is necessary to counter their policies.

"We shall strengthen our relations with the whole non-Communist world. We shall look to our defences.

"But we shall continue to negotiate with the Soviet Union from a position of balanced strength on issues where our interests are mutual."

She recognised the immense practical difficulties in moving the Olympics from Moscow. But if these difficulties could not be overcome, the Government would consider further measures.

Mrs. Thatcher also gave a strong hint that the Government favoured giving military aid to Pakistan. "We shall be reviewing aid to Pakistan and we shall of course be reviewing the military situation because Pakistan is now right in the front line."

At the same time she wanted to make it perfectly clear that Britain did not want Pakistan to have nuclear weapons.

The Prime Minister warned that Britain faced a grave development in East-West relations. The Soviet action in Afghanistan and the arrest of Professor Sakharov showed a brutal disregard for international behaviour.

Afghanistan was a symbol and a warning. It was the first time since the last war that the USSR had sent tens of thousands of soldiers backed by tanks and helicopter gun ships into a country outside the Warsaw Pact.

There were mutterings of dissent from the Labour benches when she said that the Afghan rebels were "genuine freedom fighters" struggling against an alien oppressor.

The Soviet Union had driven a wedge into the heart of the Moslem world and vastly extended its borders with Iran and Pakistan. It had also advanced within 300 miles of the Straits of Hormus which controlled the Gulf.

The Russians had said that their intentions towards Iran were benevolent, but who could believe them?

She recalled that the Soviet Union maintained that its 1921 treaty with Persia was still valid.

This said that if a third party attempted to use Persian territory as a base for operations against the Soviet Union then Russia should have the right to advance troops into the Persian interior.

"I need hardly comment on the implications of such a text," said Mrs. Thatcher. "The temptation to the Russians is apparent."

The Soviet invasion had also driven many Afghans into Pakistan. The threat to stability in that area was only too obvious and President Zia's concern only too well justified.

The threat to the south was just as dangerous. It was only a short distance from Southern Afghanistan to the Gulf and the Straits of Hormus. The oil from the Gulf States was the lifeblood of the West. If it was stopped, there was doubt whether our societies could survive.

From the Opposition front bench, Mr. Callaghan said that we should seek to construct a new set of understandings and rules with the Soviet Union.

The time for that was not yet, but it must come soon "or else the situation will deteriorate even further and the drift to war."

The Soviet Union must be made to realise that detente could not be coupled with third world adventurism.

He agreed that Britain should continue to seek areas of co-operation with the Soviet Union. It was now clear, however, that the balance between NATO and the Warsaw Pact was not sufficient to prevent a wider conflagration in other parts of the world.

This could develop into a nuclear conflict. He did not want to overstate the case but this was the shape of things that could emerge in the 1980s.

Afghanistan demonstrated that the Soviet Union was prepared to move swiftly, ruthlessly and powerfully. Some countries were now bound to ask whether they would be next.

A shadow hung over many countries, prompting them to increase their armed forces "and who could blame them?"

Britain must support President Carter and his doctrine that control of the Gulf was vital to the interests to the West.

Opposition urges Denning to retire

BY IVOR OWEN

A CALL for the retirement of Lord Denning, the 81-year-old Master of the Rolls, was made from the Opposition front bench in the Commons yesterday during attacks on the ruling by the Court of Appeal against the extension of the BSC strike to the private sector.

There were protests from the Government benches when Mr. Jeffrey Thomas QC, a Labour spokesman on legal affairs, said: "Much as we have respected Lord Denning in the past, the time has now come for him to retire."

Many people feared that the week-end judgment by Lord Denning and the Court of Appeal would have the effect of "putting down more explosive in an already dangerous minefield."

Mr. Thomas maintained that judgment made the position on the legal immunities of trade unions more uncertain and could bring the rule of law into disrepute.

The Speaker, Mr. George Thomas, immediately pointed out that MPs were entitled to criticise judges only during a debate on a substantive motion.

Earlier, he halted Mr. Martin Flannery (Lab. Sheffield Hillsborough) when he claimed that Lord Denning and his "two accomplices" had now rigged up their own Industrial Relations Act.

The Speaker cited earlier rulings making it clear that while within certain limits, a judgment may be criticised by MPs it was out of order to impute any motives at all to judges acting in their responsible offices.

Mr. Patrick McNair-Wilson (C., New Forest) led strong protests from the Government backbenches about the statement made by Mr. Arthur Scargill, president of the Yorkshire miners, declaring that Lord Denning's judgment should be totally ignored.

He asked Sir Michael Havers, the Attorney-General, to ensure that "urgent" steps were taken to prosecute Mr. Scargill.

The Attorney-General replied "I have not seen this statement attributed to Mr. Scargill. I am certainly not in a position to answer Mr. McNair-Wilson's question."

In a further attack on Mr. Scargill, Mr. Robert Adley (C., Christchurch and Lymington) described his as "a second rate revolutionary" seeking to launch a campaign of civil disobedience.

Steel strike losses rise

BY IVOR OWEN

LOSSES INCURRED by BSC as a result of the current strike are in the region of £10m a week, Mr. Michael Marshall, Under-Secretary for Industry, told the Commons yesterday.

He also told MPs that in the weeks ended January 12 and January 19, production in manufacturing industry was estimated to be about two to three per cent less than it would have been in the absence of the BSC dispute.

Most of this loss of output was attributable to the lack of production at BSC itself.

Sir Keith Joseph, the Industry Secretary, reaffirmed that the Government had no intention of interfering in the management of BSC.

Mr. Adam Butler, Minister of State, gave an assurance that the Corporation's cash limit for 1979-80 remained £700m.

During exchanges about the quality of management in Britain's nationalised industries, Mr. Patrick Cormack (C., Staffordshire SW) suggested that the position of Sir Charles Villiers, the BSC chairman, should be looked at "very quickly."

Sir Keith underlined the immense difficulties in managing such giant corporations particularly as they were immune from bankruptcy which was the ultimate protection of the consumer.

He also pointed out that many chairmen of nationalised industries had been appointed by Labour Ministers.

Tribune condemns invasion

By Our Lobby Staff

IN ANOTHER example of the divisions developing in the Labour Party over defence, the Tribune group of Left-wing Labour MPs last night condemned Russia's intervention in Afghanistan in very different terms to those used by Mr. James Callaghan, the Labour leader, during the night's debate.

The statement, agreed at a meeting held while the debate was going on, accused the Government of using Afghanistan as a diversion to attract attention away from the British political scene.

It attacked both the UK and American Governments for the "height of hypocracy" in claiming to defend the principle of territorial integrity.

The motion began by condemning Soviet military intervention in Afghanistan and rejecting the explanations given by the Soviet Government.

It also identified Tribune with criticisms of the Soviet action from the non-aligned countries.

It then went on to regret that similar actions by Western powers in Suez and Vietnam for example — had provided all too many precedents for the Soviet intervention.

That history made it totally hypocritical for the U.S. or UK Governments to claim to defend the principle of territorial integrity. The statement called on the Soviet Union to withdraw its "forces of occupation" immediately.

● **JURY REVIEW:** The Government is looking at the law of contempt in the light of the recent court ruling that the New Statesman magazine did not commit contempt of court when it published an interview with a juror after the Thorpe trial.

● **CLOSED SHOPS:** Preliminary research shows that the closed shop affects at least 5.2m of the 22.2m employees in Britain, Mr. Patrick Mayhew, Employment Under-Secretary, told the Commons in a written answer last night.

Peers dislike EEC advertising controls

BY ELINOR GOODMAN

THE European Commission's amendments to its proposals for controlling advertising have failed to satisfy the House of Lords' select committee on the European Communities.

In a report published today, the Committee agrees with the advertising industry's arguments that the proposals would not accommodate the British system of self-regulation.

Most of its earlier criticisms, it says, have not been met, and the draft still goes beyond the powers given to the Community.

The EEC has been working for several years on proposals for controlling misleading advertising, which in this country is controlled on a voluntary basis.

Two years ago, it produced a proposal which provided for the enforcement of the recommended controls by the court.

The draft was rejected by both the European Parliament and the House of Lords' committee.

Since then, the Commission has put forward revived proposals which would make it possible for member states to regulate advertising by means of "an administrative authority" as an alternative to control by the courts.

Despite this fundamental change in the draft, the committee concludes that the Commission has failed to deal with its main complaints about the earlier proposal.

In particular, it says that though the draft recognises the control of advertising by self-regulatory bodies as accepable, it does not do so in such a way as to exclude the powers of the court.

The Department of Trade still has not completed its consultations with interested parties on the new proposals.

But in evidence to the committee it said that it would support any amendment to the draft directive which would ensure the continuation of the Advertising Standards Authority's regulatory role.

It also pointed out that in its view the amended proposal would enable those dissatisfied with the voluntary regulatory arrangements to take their case to the court.

Benn attacks Whitehall

BY OUR LOBBY STAFF

MR. ANTHONY Wedgwood Benn, the former Energy Secretary, last night renewed his attack on Whitehall.

If its growth was not checked, he said, the Civil Service could pose a serious threat to democracy.

Mr. Benn, who went into voluntary exile on the Labour backbenches, partly so that he could campaign for greater accountability both in Whitehall and the Government itself, said it was essential that constitutional reform became a central part of the political debate.

The time had come when the reforms were urgently needed to restore the authority of the Commons, to secure effective Ministerial control over the Civil Service, and to move towards a more constitutional type of premiership.

Mr. Benn acknowledged that the civil servants could give "formidable and effective assistance in the execution of policy"—but only when the policy fell within what they regarded as the acceptable parameters of consideration.

Speaking at Chatham House in a lecture on The Role of the Civil Service, Mr. Benn dismissed the Left's often-heard argument that the Civil Service is dominated by active conservatives posing as impartial administrators.

The real problem, he argued, arose from the fact that the Civil Service saw itself as being above the party battle, with a political position of its own to defend against all comers, including incoming Governments.

Games ban attacked by Heath

By Philip Rawstorne

MR. EDWARD HEATH, former Conservative Prime Minister, intervened in the Commons debate yesterday with some sharp criticisms of the Government's measures against the Soviet Union.

He said that he regretted the decisions to break off ministerial and other high level contacts with Russia.

It would have been better to allow Soviet visitors—such as Mr. Gromyko—to hear directly what Government ministers and Opposition leaders had to say about the invasion of Afghanistan, he said.

Mr. Heath told MPs that he was also opposed to the attempt to move the Olympic Games from Moscow. "I believe that we should take politics out of sport," he declared.

"If the Soviet Union is determined on aggression is the fact that the Olympic Games are abandoned going to stop it?"

If any nation or individual athletes did not want to take part, it was up to them to withdraw, Mr. Heath said. The Olympic Games were now becoming as much a matter of U.S. as of Russian prestige.

By focusing public opinion on this issue, attention was being diverted from "what really needs to be done."

Similarly, Mr. Heath suggested, the concentration of European leaders at recent EEC summits on questions of "fish, lamb and budgets" had prevented the Community from dealing with such vital international affairs. "We should solve our internal problems speedily so we can go on to deal with the outside world," he said.

Mr. Heath said that the West now needed a global strategy — economic, military, political and social—for responding to the situation.

There was a "credibility gap" to be bridged in the West's relations with the Soviet Union. "We have to make it clear where we are going to stand," he said.

Neutral observer joins the world of politics

Ray Perman, Scottish Correspondent, interviews Lord Mackay, a latecomer to the British political scene.

ONE MAN in Mrs. Thatcher's government was not a member of the Conservative Party when he was appointed last May. It is not certain even now that he is formally a member.

Lord Mackay of Clashfern, aged 52, who as Lord Advocate is the senior law officer for Scotland, was Dean of the Faculty of Advocates, the professional body for counsel in Scotland. He says he was without political ambitions when he was asked to join the Government.

"I had never been a member of any political party and I had to modify my views.

"I had been a practising advocate and as dean of the faculty I maintained an attitude of neutrality as far as political matters were concerned.

"But when I took this job I thought things over and decided that I ought to support the Government in what it was trying to do."

He now feels himself bound by the collective responsibility of Ministers and would vote with the Government if called to do so in the House of Lords, but unquestioning support was never made a condition of accepting the post. He attended the Conservative conference last October, but has never been asked for his party subscription.

Lord Mackay is not the first Lord Advocate to have been plucked from the law to help an administration in need.

Although the last man to hold the post, Mr. Ronald King Murray, was also an MP, Conservative and Labour Governments have had occasion before to look outside the ranks of—? their own supporters when there was no-one of sufficient qualification or ability among Scottish MPs.

Lord Mackay accepted a life peerage in the Birthday Honours list so that he could be answerable in the Lords, but some of his predecessors have remained outside both Houses of Parliament.

The appointment met with wide approval, both in politics and the law. The responsibilities of the lord advocate are wide, covering the preparation of legislation, legal advice to the Secretary of State for Scotland and overseeing the prosecution system, but Lord Mackay's abilities were generally thought to be well up to the job.

The son of a railway signalman, he read mathematics at Edinburgh University and became a Cambridge don before turning to the law relatively late.

He quickly became a skilled advocate. His initial training and the mental discipline given by his strict religious outlook make him "unshakable in argument," according to a former colleague. He was made a QC in 1965 and a sheriff seven years later.

Others describe his strict sabatarian views and his mind "like the prototype of the pocket calculator," but these give an unduly severe impression of the man.

He is not the caricature dour Calvinist Scot, but friendly and given to smiling a lot.

His tenure so far has had its controversial moments.

He authorised the prosecution of the Glasgow Herald for contempt of court, resulting in the newspaper being fined £20,000 and he has responsibility for the Criminal Justice Bill, a major reform of the Scottish criminal law.

The Bill, which received its second reading in the Lords two weeks ago and begins its committee stage today, brings together the recommendations of eight specialist committees and tidies up a number of loose ends and anomalies.

The Bill is wide ranging, introducing, for example, the new crime of vandalism and allowing courts to award compensation to the victims of crimes.

But civil liberties groups have stressed the new powers it would give to the police to stop and search people suspected of carrying weapons and being able to detain suspects for up to six hours without a charge.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Gives quick reading of air speed

AN ALMOST instantaneous reading of air velocity can be obtained from a portable anemometer from Airflow Developments, Lancaster Road, High Wycombe, Bucks HP12 3QP (0494 25252).

Called EDRA-5, the self-contained direct reading instrument uses a 100 mm diameter rotating vane head to generate measurement pulses. The finely balanced vanes are supported on twin precision miniature ball races for reduced rotational friction. Rotation is sensed by a capacitance transducer; the resultant pulses are counted and timed to calculate the air velocity.

Analogue and digital versions are available, the former having dual metric/imperial scales with ranges 0.25 to 5.0 metres/sec and 3.5 to 25 metres/sec displayed on a large 125 mm taut-band meter.

The digital version has a liquid crystal display with 18 mm digits providing a metric-only range of 0.25 to 30 metres/sec. Both types have an output for remote displays, data logger or chart recorder.

Vane head is connected to electronics box by up to 100 metres of cable; the instrument weight is only 2.5 kg and it runs from rechargeable batteries.

Film thickness gauge

CLEAR OR pigmented films between ten microns and five millimetres thickness can be gauged to typical accuracies of a tenth of a micron or 0.1 per cent of range using the FG4 film gauge from Infrared Engineering, Galliford Road, The Causeway, Maldon, Essex CM9 7XD (0621 52244).

An absorption technique is used in which two wavelengths are passed through the film, one of which is partially absorbed and the other not; the absorbed wavelength is chosen to match the material of the film. Ratio of the two output levels is a measure of the thickness.

Newly extruded film passes between the transmitter and receiver heads, which are 55 to 100 mm apart. An area 8 mm wide by 12 mm long in the web direction is sampled and the measurement is not affected by web flutter under ±25mm.

Film thickness appears on a digital panel meter and is logged on a chart, both housed in an electronics unit which can be placed up to 30 metres from the heads. An output can be fed to control systems.

Checks the data channels

MEASUREMENT OF both bit and block error rates on communications lines and systems can be achieved with the DF-64 instrument from Wandel and Goltermann, 40 High Street, London W3 (01-992 6791).

The send section of the unit is a crystal-controlled source able to generate pseudo-random and periodic test sequences at bit rates of 48, 56, 64 and 73 kilobits/sec, suitable for time division multiplex groups. It is also possible to deal with high speed data transmission over wideband analogue channels by means of an externally applied timing signal which may be applied from one to 520 kilobits per second.

After the receive section has synchronised to the correct frequency, the data channel pulse pattern under test is compared bit by bit with the reference sequence and from this comparison the error rates are derived.

Results are permanently recorded on a 20 column tabulated print-out.

● ENERGY

Packaged hydro-power units

SELF - CONTAINED hydro-electric power generation units with power ratings from 500 to 7000 kW, suitable for use where modest water flows and heads are available have been introduced by British Brown-Boveri of Stag Place, London SW1E 5AH (01-828 9422).

Designs originate from Brown Boveri's Norwegian subsidiary and embody much of the experience gained from that country's hydro-generation plant since the turn of the century (Norway generates more power from water sources per capita than any other nation).

The "package" in which the unit is supplied contains all the switchgear, monitoring and alarm equipment, controls, protection and generating plant needed for continuous unmanned operation.

A synchronous, brushless type of alternator is employed with an output voltage of 380 volts 50 Hz, but other values can be supplied.

Step up transformers to allow connection to higher voltage distribution lines are included.

Depending upon the head of water available, various turbine types can be made available.

● TELEVISION

Solid state colour

OUR TOKYO correspondent reports that Sony has developed what it claims is the first viable colour video camera to use a solid state sensor instead of the conventional colour camera tube.

It is about one seventh the size of "conventional" colour video cameras and, at about £4,500 is described as marginally cheaper.

The camera is to be initially supplied to All Nippon Airways for installation in airliner cockpits—the idea is to give passengers a television view of take-off and landing.

Sony says it hopes to produce a version of the camera for home use within about two years and "at a much lower price."

No details are available concerning the definition of the pictures obtained — systems reported to date have frequently not reached the standards of colour tube cameras.

● DATA PROCESSING

Access to texts of any length

INFORMATION Management Exhibition (IMEC) at Wembley in February will be the occasion for the first public demonstration of a problem-solving information retrieval system developed by the UK Atomic Energy Authority's Safety and Reliability Directorate.

The system fills a gap that the directorate identified when exploring what systems were available for its own use. From Culcheth, Warrington, the SR Directorate provides an accident and reliability data service that was only semi-computerised, because existing computer systems were found either to handle structured data bases or textual storage, but not both at the same time at least to any high degree of quality.

Consultant Turnkey Software of Chalfont St. Giles was brought in and in close collaboration the two organisations devised a software package that met the authority's requirement and is now being made available for the numerous other potential users.

The package is suitable for minicomputer installations and can be operated at a variety of levels of sophistication. The texts of long or short documents can be stored and can be accessed via an index of reference words, keywords and tagwords that can be extended as desired by the user. It therefore becomes possible to recall from the stored data all documents, say, relating to accidents occurring since a given date, involving loss of life, associated with the handling of petroleum and causing damage beyond a given value. The system enables the computer to search for all information that encompasses all of the specified factors.

The user is then presented with a menu indicating what is available and can command the system to display or print out the material in any given lengths of text at a time. Alternatively for a lower-cost method, the equipment can enumerate references to material that is stored in conventional paper files or it can be asked to operate microfilm projection automatically that will show the texts to the researcher on an adjacent screen.

One facility included is "memo-marking" whereby a user can return to a research task after an interruption and, through a personal code, command the system to review the data he has already accessed and display a menu of the references that he has not yet read.

Turnkey Software has worldwide distribution rights from the UKAEA and the new system will be marketed under the name LexiBOSS.

For details of the demonstration at IMEC, contact the exhibition organisers, Clapp and Poliak Europe, 232 Acton Lane, London W4 5DL. Telephone 01-995 4806.

Solves many problems

EKS IS the name given to a suite of engineering design software products able to solve most structural engineering problems and now made available in Britain by Boeing Computer Centres.

In designing a bridge—the sort of engineering problem requiring many repetitive calculations—EKS can help the engineer to accomplish them in minutes. Each structural member of the model is analysed, indicating, for example, what size beam will carry the expected loads at the lowest possible cost.

Other programs are available to help design structures such as tower blocks, dams, tractors, or even air-conditioning systems for large buildings.

EKS is run on a timesharing basis through Boeing's machines which consist at present of CYBER 175s, 750s and 760s. The world's most powerful machine, a Cray, is soon to be added.

All programs are available, both interactively, which makes learning easier for the user, and through batch at economical rates.

Boeing, Mainstream Division, 19, Fitzroy Street, London, W1. 01-323 0626.

Four new machines

BRIGHTEST OF stars in the new firmament of microcomputer companies must surely be Zilog which started in California at the end of 1974, achieved a turnover of $2m in 1976 and last year announced sales of $40m.

It made a further thrust forward last week with the announcement of four new machines, two complete ready-to-run systems and two microcomputer subsystems designed as modular building blocks for general purpose systems in business and industry.

The ready-to-run computers are the desk-top MCZ 1/50 and the rack-mounted 1/70. They use the company's Z80 processor with 64k bytes of random access memory, interrupt-driven console and floppy disc controller. The desk-top version has a CRT and integral dual floppy discs, expandable to four such discs and/or 10 megabytes of disc cartridge.

The other two machines are sub systems designed as modular building blocks for general purpose systems with business and industrial applications.

More from Babbage House, King Street, Maidenhead, Berks., SL6 1DU. (0628 36131.)

● HANDLING

Prevents jamming of stop valves

PLANT ENGINEERS responsible for handling abrasive bulk solids and slurries can solve the problem of jamming stop valves with a power-operated valve which avoids the problems of seal damage associated with traditional knife blade valves, and of material obstructions which can occur with butterfly valves.

In one operation the Macawber dome valve closes through a static or dynamic head of material and gives a pressure-tight seal, even with materials at temperatures of up to 480 C. In approved applications, the valve is rated for 160,000 cycles between inspections. This level of performance has been achieved through six years of experience with the valve in the field.

The dome valve was originally developed as an integral component of Macawber's pneumatic conveying system—the Denseveyor—and the decision to market the valve as a product in its own right follows an increasing demand from engineers who have seen its performance on Denseveyor systems.

It is available in two standard versions for bulkhead or in-line use.

Macawber Engineering, Ogden Road, Doncaster, South Yorkshire. 0302 20521.

● AUTOMATION

Small box controls functions

MICROPROCESSOR based process controller Micon P-200 from DRD Measurement and Control can offer selections from more than 50 pre-programmed control functions and control of eight loops, with status information displayed on the six inch square front panel.

The required functions are selected and the data entered on a simple pushbutton panel at the side of the unit, the operator being guided by the self-prompting display just above. In this way, rapid on-line control changes can be made without adiditional software or equipment such as local data entry or display units.

Each controller is completely self-contained with its own power supply and a full operator interface, including deviation indication for each loop, alarm monitoring and accurate numerical displays. Mode selection, set point changes and output manipulation are all carried out directly on the front panel in ways entirely familiar to control personnel.

Each controller can communicate with up to eight others to pass control and display data, and 32 units can be connected to a central colour crt console.

More from 22, Ephraim Road, Tunbridge Wells, Kent TN1 1ED. (0892 39347.)

● FARMING

Low cost buildings

OFFERED FOR erection by farm staff is a utility building constructed from timber, and marketed by Farmplan Constructions, Netherton Farm, Brampton Abbotts, Ross-on-Wye, Herefordshire. (Ross-on-Wye 4321).

Four farmers are behind the company which is part of the Farmplan Group, and they believe that the building should provide cheap cover for any purpose.

Uprights comprise 200 mm x 75 mm timber posts sandwiched to measure 200 mm by 250 mm, and the roofing is of Galvaprime steel sheeting to provide 4.57 metres by 6.10 metre bays.

The building is designed to BS 5502 Class 2 and thus qualifies for full grant aid. The company offers erection at £4.30 per square metre, including the foundations.

● MAINTENANCE

Control of pests

DESIGNED FOR professional pest control work, a stainless steel pneumatic sprayer available from the Wellcome Pesticides Division is called the "Hudson Tek"; it is for use with Wellcome's latest residual insecticide, Coopex. The complete sprayer which has undergone extensive field trials in the UK, can be dismantled and cleaned without the use of any tools.

Equipped with a short, curved, heavy duty, brass lance which enables the most restricted areas to be treated, the unit has a 1-gallon capacity tank with a cover which seals from within so that the higher the pressure the tighter the seal.

The delivery hose is of clear polyvinyl chloride reinforced with nylon and fitted with hose sleeves at either end to prevent kinking. Full details of the equipment can be obtained from Wellcome at Crewe Hall, Crewe, Cheshire CW1 1UB. (0270 583151).

No need to close plant

THE mechanical engineering contracting member of the Capper Neill Group, Capper Pipe Service, has set up an industrial plant maintenance service specialising in pipe freezing techniques. Complicated repair jobs can be carried out without shutting down the whole plant.

Liquefied gases are used to freeze the contents of industrial piping and when the contents solidify, engineers are able to work on the piping while the rest of the plant is operating. The service is operated from Unit B, Eaglescliffe Industrial Estate, Eaglescliffe, Cleveland (0642 786565).

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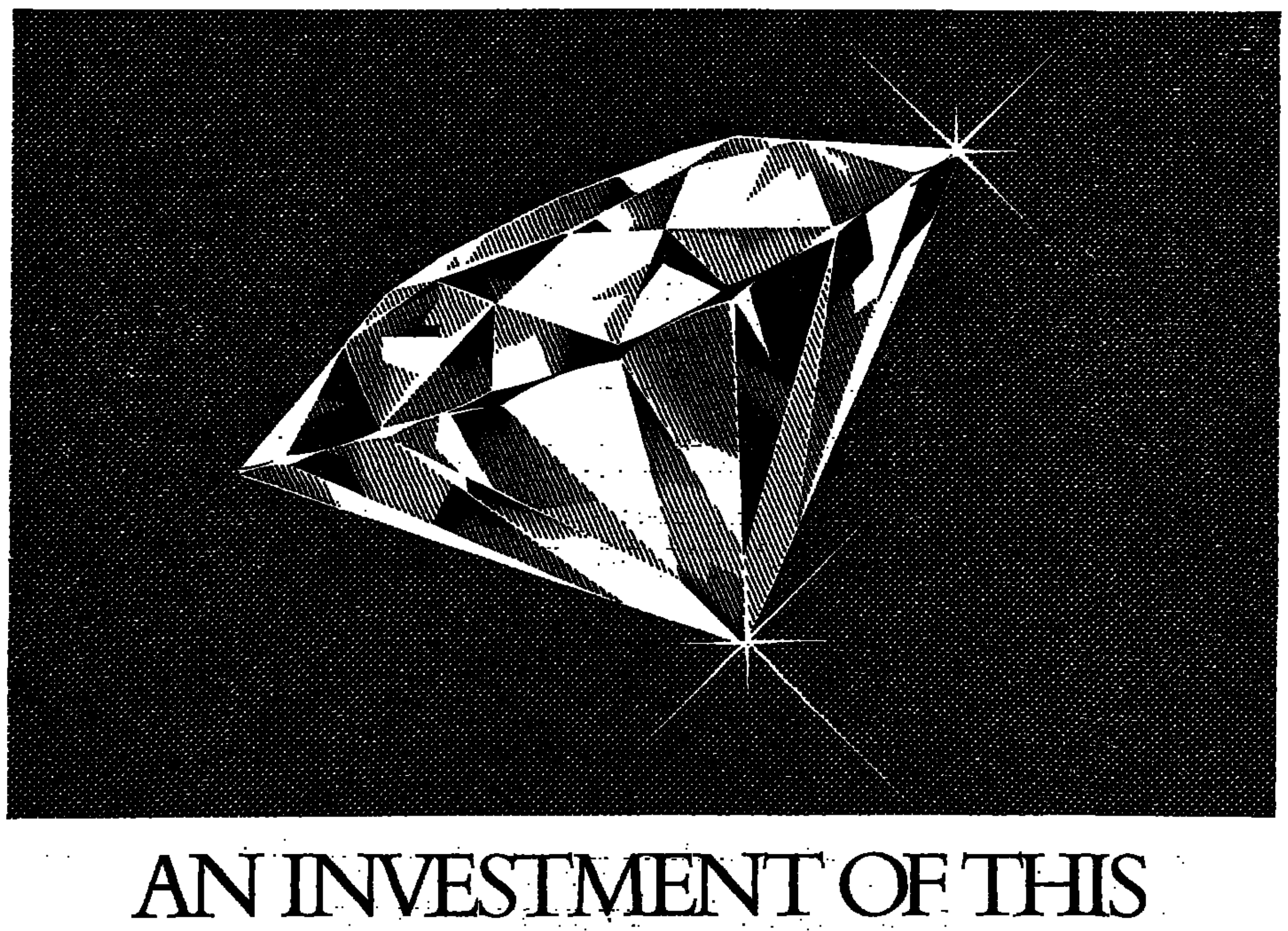

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THE JOBS COLUMN

Official study ranks chalks above cheese

BY MICHAEL DIXON

REFLECTING ON the confused behaviour of modern youth, the eminent social scientist Erik Erikson doubted that so many young people would act in that way if someone had not given them the idea that they were supposed to have an identity crisis.

In the same way, I'm wondering whether the UK's employment position would be so confused if someone had not given large chunks of the community the idea that we could have comparability of pay, as enshrined in the Clegg Commission.

Regular readers of this column will know that since the middle of last year, the commission has been trying to determine what teachers of various kinds are worth in salary terms by comparison with staff in industry, commerce and the Civil Service. To aid its deliberations, the commission ordered a "job-evaluation" study to be carried out by a method which the Inbucon management consultancy has been successfully applying in industrial and commercial companies for 14 years.

In applying the method to teachers, the consultancy took descriptions of the work involved in 20 "representative" educational jobs — from the heads of the biggest comprehensive schools to the basic grade of nursery teaching — and mingled them with similar descriptions of 40 managerial, specialist and clerical jobs in industry, commerce and the Civil Service.

There were then set up six panels, each of 13 judges. Each panel consisted of five representatives of teachers' unions, five representatives of the employing local education authorities, and three members deemed to be independent. Three of the panels were concerned, respectively, with further education staff, secondary-school teachers, and primary-school staff in England and Wales. The other three were concerned in the same way with the three main groups of teachers in Scotland.

The descriptions of the relevant teaching, and of the non-educational jobs were allocated among the judges in a way that Inbucon says makes collusion impossible. Each teaching post was compared with each of the other jobs, and a ranking drawn up according to the panel-members' judgment of the different jobs' relative importance. The criterion used to determine importance was the "size" of the job, in terms of the demands it made on the person doing it.

The results, just disclosed by the Times Educational Supplement, make stimulating reading. The panel dealing with secondary-school staff in England and Wales, for instance, put at the top of its ranking the head teacher of the largest kind of comprehensive with around 2,000 pupils. The next four places went to the principal of a college, an assistant secretary in the Civil Service, a solicitor in the same service, and a director of research and development in industry.

Sixth came the head of a school of about 1,000 pupils, followed by an industrial chief engineer. Eighth was the head of a school with around 500 children, followed by the company secretary of a group of concerns, a principal in the Civil Service, and a financial director in business.

Twelfth came the deputy head of a 1,400-pupil school, followed by a production manager. Fourteenth place went to the deputy head of a school with roughly 750 children. Next were a branch manager with a building society, a chief accountant, a sales department manager, and an "assistant ordinary business manager" (whatever that is). Nineteenth was the deputy head of a school with around 400 pupils, followed by a Civil Service architect, followed by a senior teacher, and so on.

Eccentric

Even though a very similar result was produced by the separate panel concerned with secondary-school staff in Scotland, I suspect one or two readers may be thinking that the above ranking is somewhat eccentric. Why, for example, should a Civil Service principal (which is the lowest of the service's "high-flying" grades) be placed above a company financial director?

Lacking the job-descriptions used by the judges, I cannot clear up such questions. But details of that sort seem less significant than does one overall feature of the ranking.

It is that the educational jobs appear in the ranking in the same sequence as they appear in the conventional pecking-order of teaching posts. To some extent, the same seems true of the Civil Service jobs. And the reason for this may well be that the pecking-orders of these two occupational categories reflect the criterion used by the panels to determine the relative importance of the different jobs—the demands made by the job on the person doing it.

But it is plain that the same civilised criterion does not reflect the pecking-order of industrial and commercial jobs, which have clearly been almost ridiculuously mis-ranked by the judges.

Now, as it happens, it is the practices of industry and commerce which are the basis for the commission's work in trying to determine the "comparability" of pay in the public services. So if the criterion used by the job-evaluation exercise, results in rankings which do not reflect industrial and commercial practices, then the criterion must be presumed to be wrong. And so it is.

The criterion is artificial, in the sense that it ranks the jobs according to how hard those doing them have to work to cope with the demands made on them. But the real purpose for which jobs exist is surely to get necessary tasks done to a requisite standard. Provided that this is accomplished, how hard the job-holder works in accomplishing it is of very secondary importance.

An apt illustration here is the so-called Prussian approach to Army recruitment. Candidates were assessed on two attributes—whether they were clever or stupid, and whether they were lazy or hardworking —with the following results:

The clever lazy recruits swiftly rose to become generals. The clever hardworking people remained as middle-rank officers. The stupid lazy folk stayed in the lowest rank. Stupid hardworking ones never got into the Army, because they were shot before they could do any more damage.

The same principle ought surely to be applied, if less drastically, to all employment. It is not, of course; not even in industry and commerce. But it is applied there far more extensively than it seems to be in the public services, especially education where virtually the last thing a teacher can be sacked for is incompetence at his or her job.

To the taxpayer who finances and the child who consumes education, the head of a small school who runs it well by working six hours a day, is worth immeasurably more than the head of a colossal comprehensive who puts thrice as much time into running it badly. But the ranking drawn up for the Clegg Commission does not permit that crucial distinction to be made between the heads, even though it confidently values them more highly than a company financial director.

The root of the nonsense lies in the educational pecking-order, which is clearly inappropriate in various ways. For another instance, its rigid salary grades are importantly to blame for schools' desperate shortages of people capable of teaching mathematics and so on, whose services are also in demand by business concerns. If the education system could offer competitive pay and conditions to teachers specifically with the needed skills, the shortages could at least be eased. But this cannot be done without affording similar rises to all teachers, including the arts-based majority who with the fall in the pupil population, are becoming increasingly surplus to requirements.

In sum, the Clegg Commission's job-evaluation has demonstrated only one sensible thing. It is that, until the present pecking-order is scrapped and replaced by a structure which reflects what the nation needs by way of an education system, the pay and conditions of teachers simply cannot be made "comparable" with those of employees in industry and commerce.

APPOINTMENTS

New general manager for Lloyds Bank overseas division

Mr. P. B. L. Clark has been appointed general manager of the overseas division of LLOYDS BANK. He succeeds Mr. D. W. Kendrick who retires at the end of April. The new assistant general manager of the division is Mr. P. B. F. Emmerson. Mr. G. W. Mackworth-Young has been made a non-executive director of Lloyds Bank and Lloyds Bank UK Management.

★

Mr. Norman Gray, a member of the Board of TIOXIDE GROUP will retire shortly after 34 years service. The following consequential appointments are announced. In BTP Tioxide, the operating subsidiary company in the UK, Dr. Keith Sugars becomes chairman from February 1, retaining his present appointment as managing director. In France, Mr. Jacques Gateaux has been elected president-directeur-général of Tioxide SA.

★

Mr. Douglas Wills has been appointed managing director of WELTON HOUSE ESTATES, and will be primarily involved in the development of the 150 acre Daventry Park scheme.

★

The supervisory board of RUHRGAS AG has appointed Dr.-Ing. Burckhard Bergmann vice-member of the Executive Board. He will be responsible for the purchase of gas.

★

Mr. Hugh Palin is to become executive chairman of the MOTOR CYCLE ASSOCIATION OF GREAT BRITAIN. He will take up his responsibilities in February and will resign from Skoda (GB) where he has been responsible for purchasing in Britain for the Czech automotive industry.

★

Mr. Anthony Moeller has been appointed managing director of W. M. STILL AND SONS and Mr. F. W. Still has been made deputy chairman. W. M. Still and Sons heads the catering equipment division of UKO International.

★

Mr. George R. Armstrong has been appointed chief finance officer for BRITISH RAIL SCOTLAND in succession to Mr. Robert Skinner who is now senior finance officer (budgets) at British Railways Board headquarters, London.

★

Mr. Joseph J. Buttigieg III, vice-president and senior international banking officer of Manufacturers National Bank of Detroit, and a representative with Manufacturers' London office, has been seconded to ATLANTIC INTERNATIONAL BANK, as assistant general manager, from February 1. Mr. Buttigieg will continue as a representative of Manufacturers Bank in London.

★

Mr. John Cress has been appointed director of personnel of the WALL'S MEAT COMPANY from February 1. He was previously deputy head of personnel. He replaces Mr. Christopher Foy who has joined the Board of Van den Bergh & Jurgens.

★

Mr. Paul Maynard has been appointed sales director of LAKE & ELLIOT JACKS & EQUIPMENT of Braintree, Essex.

★

Mr. Patrick Ault has joined the Board of R. H. BARDEN (INSURANCE BROKERS). He was formerly investment director of the Excess Insurance group of companies.

★

T.P.T. has made the following appointments from February 1: Mr. Jack Lawson becomes deputy chairman, Mr. Alec Coverley is made managing director, Board division, and Mr. W. A. (Bill) Jones is appointed managing director, general products and can division.

★

Mr. B. C. Jessop has joined the Board of STOTHERT & PITT. He was managing director of Herbert Terry and Sons. He is also appointed managing director of the general engineering division and is responsible for the activities of the Stothert & Pitt pump group, the Feeder Road factory in Bristol, Torrance & Sons of Bitton and W. & F. Wills of Bridgwater. Mr. Jessop takes over from Mr. R. L. Mortimer, who has become managing director of the contractors' plant division.

★

Mr. John Howard, general cargo manager with the Mersey Docks and Harbour Company, has been appointed chairman of the LIVERPOOL DOCK LABOUR BOARD which controls the employment of dockers at the port. He succeeds Mr. Jimmy Symes, district docks secretary of the Transport and General Workers' Union. The Dock Labour Board consists of equal representatives of six from the employers and the union and the chairmanship alternates.

★

Mr. Richard D. Carano, formerly senior manager of projects and director of operations for FLUOR OCEAN SERVICES in London, has been promoted to vice president and managing director.

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ON SHARE WARRANTS TO BEARER

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Holders of Share Warrants to Bearer are informed that payment of dividend No. 89 will be made on or after 8th February, 1980, upon surrender of Coupon No. 89 at the London Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ.

	Amount Payable per share (U.K. Currency) p
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Less: South African Non-Resident Shareholders' Tax at 15%	28.1204
AMOUNT PAYABLE WHERE A UK INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	159.3489
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BARNATO BROTHERS LIMITED,
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D. W. J. PHILLIPS, Secretary.

99 Bishopsgate,
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28th January, 1980.

NOTES:
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 187.4693p.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the standard rate of 30% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders Tax.

NOTICE OF EXTRAORDINARY GENERAL MEETING
DISCOUNT BANK INVESTMENT CORPORATION LTD.
16 Beth Hashoeva Lane, Tel Aviv, Israel

NOTICE IS HEREBY GIVEN that on 10th February, 1980 at 8.30 a.m. an Extraordinary General Meeting of the Shareholders of Discount Bank Investment Corporation Ltd. will be held at the registered office of the Company at 16 Beth Hashoeva Lane, Tel Aviv, in order to adopt the following resolutions:

1. (A) To transfer from the existing capital reserves of the Company to a reserve for a capitalisation issue of shares an amount necessary for the making of a capitalisation issue of shares at the rate of 30 per cent. on the nominal value of shares held by shareholders of the Company on the register on 18th February, 1980 and to approve the issue of shares at the above rate.

(B) The shares to be so issued will rank pari passu with the existing ordinary shares of IL 5 each and will entitle their holders to any cash dividend and/or capitalisation issue of shares, if declared in respect of the financial year of the Company starting on 1st January, 1980. No fractions of ordinary shares will be issued, such fractions will be cancelled.

2. (A) To transfer from the existing capital reserves of the Company an amount of IL 28,226 to a special reserve for a capitalisation issue of shares for the purpose of making a capitalisation issue of shares to the debenture holders of series 72 if and when such debenture holders will convert their debentures into shares of the Company.

(B) To empower the Board of Directors of the Company to make out of the above reserve a capitalisation issue of shares of IL 5 each to the debenture holders of series 72 if and when such debenture holders will convert their debentures into shares of the Company.

DAVID S. COHEN,
Secretary of the Company.

22nd January, 1980.

Notes:
1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote instead of him. A person appointed as a proxy need not be a member of the Company.
2. The bearer of a Share Warrant may deposit the warrant at the office of the Company or at Warburg Registrars Ltd., Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time of the meeting. The depositor shall be entitled to attend and vote at the above Meeting.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ


John Armstrong, Urwick Orr


Len Brooks, Inbucon


Kenneth Hampton, PA International


Ian Hancock, Coopers & Lybrand


Anthony Howitz, Peat Marwick Mitchell


Hugh Lang, PE


Adrien Petit, Institute of Management Consultants


Harry Roff, MSL

Whither management consultancy?

BY JASON CRISP

IN PRIVATE, Britain's management consultants admit to feeling rather green around the gills as they look ahead to the choppy waters of the next year or two. In public they are remarkably cheery.

Well yes, they say, the market will contract a bit but it won't affect us much. It will be the sole practitioner who will really feel the pinch . . . or it will be the highly specialised firm . . . or the generalist . . . or the large company with high overheads.

It all depends upon who you are not.

Management consultants are no more fond of recessions than anyone else; indeed at times they have more reason than most to be worried. Whisper 1971 in the plush corridors of some of the larger firms, and the whole building will shiver.

After nearly ten years of strong and steady growth through the Sixties the consultants had become more than a little self satisfied. When the downturn came, hundreds of professionals were cast out of their comfortable offices and on to the street.

With hindsight most management consultants agree that life had been too easy in the Sixties. As one put it, "Business just walked in the door and people became careless." It was also a time when many consultants, in their role as witch doctors, were most occupied with gimmicky techniques and broad generalist work. Their excesses eventually gave them rather a bad name.

In the long run, a number of consultants believe this was to the good because it demystified their profession—not that all the gimmicks have gone even now. Whereas in the 1960s the tendency was for companies to be slightly in awe of consultants who would be called in to make 'general improvements,' the 1970s saw a marked shift into specialisation.

Most consultancies — ranging from the large companies to the sole practitioner—report that most companies now know exactly what they want and will ask them to perform a specific project. One of the reasons appears to be that the great growth in management education, especially of the business schools, has raised the professionalism of British managers, who are now far less likely to be in awe of any consultant.

The past decade saw considerable changes in consultancy, with an acceleration during the second half. The recovery from the 1971 shake-out had hardly taken a grip when, in 1973-74 the business again went into decline with the advent of the oil crisis.

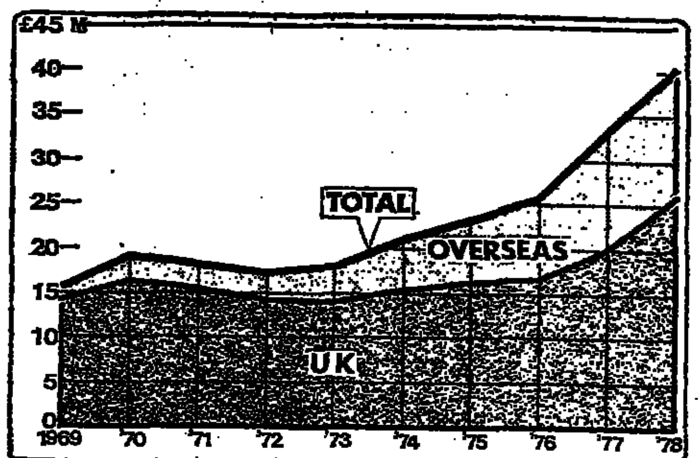
The net income of members of the Management Consultants Association has grown steadily and over the past two years very rapidly indeed.

Nevertheless, in real terms—even taking it from the low point of 1974—the UK income of members of the MCA has continued to contract. The real boom has been seen in work done overseas, which in the past ten years has risen sevenfold; the Middle East and Africa have been particular growth points.

Pressures

This does not give a total picture, however. PA, by far the largest firm, is not a member of the MCA. PA's fee income of £40m (billings £50m) is almost as big as the combined membership of the MCA.

The MCA figures also do not reflect all the competitive pressures which have grown over the decade. For one thing, there has been a strong growth in sole practitioners and small firms who are not normally members of the MCA. Anyone can call himself a management consultant — and unemployed executives often do—but there is now a considerable band of individuals who have worked for the large firms before striking out on their own as individual specialists.



Ten year fee income of 18 member firms of MCA (excluding more recent members)

Another source of competition to the established firms has been those large companies who have set up a department of internal consultants — Unilever's now works for outside companies as well, for example. There is also a growing band of business academics who keep in their hand with part-time consulting.

The traditional areas of work study and production engineering, the main root of many a consultancy, have faded. In the ascendancy have been personnel, distribution, management recruitment, finance and administration, and data processing.

The employment laws of the early and mid-1970s were of double benefit to the consultants. They encouraged companies to call them in to help reappraise personnel policies and to train managers in the new regulations and requirements. Companies also became much more aware of the value of careful personnel selection, and turned to consultants for help.

The considerable growth in the data-processing activities of many of the general consultancies demonstrates how the lines between them and the more specialist sources of expertise are becoming blurred. In this particular field they will be competing as much with software houses as with each other. To quote John Armstrong, managing director of Urwick Orr: "When do management services end and consultancy begin?"

The continuing growth in specialisation has brought problems to the consultants, particularly the need continually to stay in front. "I am absolutely clear that clients are requiring higher and higher specialisation from the consultants," reflects Kenneth Hampton, managing director of PA International, "and this trend is accelerating strongly."

He says he believes that PA is able to provide most of its specialisations in-house. But not all his smaller competitors concur: Urwick Orr's John Armstrong says: "I don't think any consulting company can keep all the specialists it needs all under one roof; increasingly they will have to call on outside help."

However, most consultants do agree that the trend towards specialisation will continue through the 1980s. For example, Len Brooks, managing director of Inbucon — owned by Saul Steinberg's Reliance, formerly Leasco—says that it is inevitable that consultants will do more work in computer software and on the introduction of new technologies. He sees energy management, a new growth business for Inbucon, as continuing to increase. So should the relatively untried areas of social responsibility and environmental issues.

LEAGUE TABLE—UK FULL-TIME PROFESSIONALS†

Ranking		No. of Professionals
1	PA Management Consultants	501
*2	Inbucon/AIC Management Consultants	350
*3	Coopers & Lybrand Associates	200
*4	PE International	181
*5	Peat, Marwick, Mitchell	135
*6	Urwick, Orr & Partners	120
*7	Arthur Anderson	107
*8	Price Waterhouse Associates	86
9	Knight Wegenstein	82
10	McKinsey	74
*11	Deloitte, Haskins & Sells Management Consultants	70
12	UIMC (Unilever)	60
*13	The Economist Intelligence Unit Limited	55
*14	Hay-MSL Limited	54
	Stanford Research Institute	50

* Member of the Management Consultants Association

† Source: Management Consulting Services Information Bureau, which provides a reasonable guide but makes no claims to be definitive

Of the existing areas, most consultants see technology and personnel as continuing to grow as fast as in the 1970s. Harry Roff, managing director of MSL and the immediate past chairman of the Management Consultants Association, says: "I see considerable growth in work on the management application of technology. Personnel and industrial relations work will hold up well, although the emphasis within it may change."

A particular feature of the specialisation trend has been the growing strength of the consultancy subsidiaries of the big accountancy firms. Outside what was known as the "Big Four" consultancies—PA, PE, Inbucon and Urwick Orr—the accountants feature strongly. According to the British Institute of Management's Consulting Services Information Bureau which advises BIM members on choosing a consultant, Coopers rates as the third biggest. In the U.S. there has been a similar trend: seven of the top 15 firms, according to Consultants News, are subsidiaries of accountancies.

A long investigation in the U.S. under Senator Metcalf found that there was indeed a conflict of interest between the consultancy and auditing activities of the accountants, though there has been no government action on the matter nor is it generally expected that there will be.

Similar doubts are felt in Britain, notably by a number of the traditional consultants. Len Brooks, of Inbucon, says: "I find it incredible that the guy who is supposed to be auditing the books is also, with another hat, telling a company how to run its affairs. But I must congratulate the accountants for moving into it so well."

Partley because of current moves to unify the voice of management consultancy—the Institute of Management Consultants and the MCA are talking about merging — the traditional consultants are generally reluctant to attack the accountancy subsidiaries. In any case, their real objection is not so much over the conflict of interest with auditing—but that the accountancy consultants have a captive market among the companies they audit.

Hugh Lang, chief executive of PE, is keen to see the two bodies merge because he believes it is important that management consultancy has one voice. That voice, he thinks, should speak loudly too. "There is probably a total of 5,000 consultants in this country. That is 5,000 guns for hire as a mercenary problem-solving force, which is more than would be available from all the industrial companies put together."

However, both IMC and MCA are tiny organisations, one man and a secretary apiece.

There appears to be a general consensus among consultants of all shapes, specialisations and sizes, that demand for their services will grow through the 1980s. While they are duty bound to make such optimistic noises, their justification is that the new decade brings with it not only great uncertainties, but an accelerating rate of change with which their clients will need assistance.

It is less clear what the structure of the consultancy profession will turn out to be. Growing specialisation, together with the proliferation of very small firms, will continue to put pressure on the traditional consultancies, although there is no reason to believe that their ability to adapt is finite.

Thrive

It is particularly in the short term that the larger consultancies see an intensification of competition. They expect the UK market to diminish by between 5 and 10 per cent this year. Most claim they will be able to hold their current position, though with no real growth.

Theoretically management consultants should thrive in a recession as companies turn to them for help. In practice, however, they do not; John Armstrong, of Urwick Orr, says that there is a close relation between fixed investment and the demand for consultants.

There would appear to be some time-lag in recession as established work is completed—though less than six months, says Armstrong. But the downturn is not offset by companies seeking help to get out of difficult financial straits. (It is an axiom of management consultancy that a company in difficulties will not turn to a consultant until it is nearly too late.

Len Brooks of Inbucon outlines some of the (strong) arguments why companies should use consultants in a recession. With interest rates at their present level many companies will be checking their investment and expansion plans and searching for greater internal efficiencies. In particular, he cites the need to examine credit control, the way cash is handled, inventory control, quality control, and material wastage. They should also be reducing the manufacturing cycle, improving distribution and increasing preventative maintenance. All of this should generate work for consultancies—which is not the same as saying it will.

Brooks believes a number of consultants will feel the draught this year, particularly those involved in capital projects such as factory and warehouse design project management, for government or quangos. But nobody doubts that demands for computer services will continue to grow apace.

With a potentially contracting market, for this year at least, it is inevitable that competition is going to hot up. In spite of the veneer of unity between the consultants through their trade association, the MCA, and their professional body the IMC, there is a highly competitive edge to the firms. They are frequently outrageously rude—and inaccurate — about each other.

Prohibited from advertising by MCA rules, the consultants have limited means by which they can market their services. It is the accepted wisdom that word of mouth recommendations and repeat business are the very basics of consultancy, and that advertising is not particularly cost effective.

However, a number of consultants are prediciting the adoption of more aggressive attitudes during the year, with greater efforts being put into publishing reports, organising seminars and other "acceptable" means of promotion. When asked what the greatest attribute of a consultant should be, a recent candidate for a consultancy job replied: "To find new work."

He got the job.

LOMBARD

The CBI talks to women

BY HAZEL DUFFY

THE CONFEDERATION of British Industry is not an organisation which is normally associated with women. It was therefore a brave, if some might say *foolhardy*, decision for the CBI to line up its almost all-male team of directors and senior members earlier this month to discuss with an all-female audience what it calls the "economic realities" confronting Britain.

Brave, because it must have been obvious to the organisers that the occasion would emphasise the separate treatment of women in matters calling for serious discussion, and foolhardy in that the categorisation of women as such is a reflection of the failure of the CBI's own members to appoint women to positions of responsibility.

Resentment

The chauvinism was not overlooked by a few members of the audience, who showed some resentment at being used by the CBI when it can hardly claim to have done very much for women. Where, for example, are the CBI's submissions to Government on the need for more nursery education, creches in factories and offices, or to their own members for the provision of training facilities for women wanting to return to work?

The CBI's answer is that its message—that we can only afford pay increases and/or higher public spending if these are paid for by increases in productivity—applies to everybody. That being so, why invite only women to a discussion session? Sir John Methven, CBI director-general, subtly wooed the audience by telling them that he and his colleagues wanted to learn from them about how best to put the message over, rather than telling them what to do. Sir John Greenborough, president, was perhaps more open when he summed up the purpose of the session by an extension of the famous dictum: "Educate a woman and you educate the whole family"—to "inform a woman and you inform the whole community."

But the most enduring impression left by the session was the paucity of women in senior positions in Britain—women of "influence and importance" as the CBI described them. The guest list included a handful of women MPs (and there is not much more than a handful in the whole House of Commons), a sprinkling of senior women in industry and business, and representatives of women's organisations and women's magazines, most of whom are still much more concerned with women in the home than women in the workplace.

The CBI could have cast its net a little wider, but short of getting the Prime Minister herself to come along, it could not have gone very much wider because there just are not that many more women in positions of responsibility in industry, or politics. In some of the professions, they tend to be slightly better represented, probably because if the job depends on qualifications, it is less easy to be overlooked on grounds of sex.

The need to tap a potentially new source of talent can never have been greater than in Britain today. Management can hardly be deemed to have been successful, particularly in manufacturing industry, where scarcely a women manager can be seen. Some of the fault undoubtedly lies with women—they frequently lack the confidence to take on responsibility, whether in the higher echelons of business or the trade unions.

But the fact remains that during the past decade, in spite of Equal Pay and Sex Discrimination legislation, and a higher proportion of women coming into paid employment than in any other country in the EEC, their advancement in industry has been miniscule. The Equal Opportunities Commission, even by its own admission, has been able to do very little, mainly because its powers are so restricted. In the U.S., for example, the onus is on companies to prove that they give equal opportunities to women, which frequently leads to the promotion of women.

Perhaps the time has come for the CBI to take its initiative further, and see what can be done to further the status of women in industry. That way, it will be able to communicate eventually with people rather than women.

The hazards of tasting young wines

WINE

BY EDMUND PENNING-ROWSELL

HOW MANY wines can properly be judged at one tasting? The answer involves further questions. What kind of wines? And for what purpose is the tasting?

It is all very well for those of us who are essentially consumers to sample and pontificate on a long line of table wines, but quite another for a professional who has to place his money where his palate is. Most professional wine buyers, required to select from a run of young clarets or burgundies, would probably prefer not to sample—and, necessarily, resample—more than a dozen or so different wines at one session. And of course such wines are always spat out.

Sampling

For amateurs the most difficult young wines to taste are vintage ports and champagnes: the rough spirit in the former and the acidity in the latter build up in the mouth. Sampling brandy of any age is arduous because in spite of expectoration, some goes down, which is why the professionals do it all on the nose.

Then, in the autumn, Christies' wine department arranged in their rooms a most interesting tasting of shippers' samples of 14 of the 1977 ports, now being generally offered and shortly to be bottled and shipped. The leading names were well represented — though neither Cockburn nor Quinta do Noval have declared 1977—as well as some of those in the second rank, such as Ferreira, Gould Campbell, and Rebello Valente.

Trade tastings are usually held in the morning, when the palate is assumed to be at its cleanest, but this one took place in the early evening. Even for members of the trade present it was a rare if taxing experience; and no less for those of us fortunately not called upon to make commercial decisions on such strong, fiercely powerful two-year-olds, fortified with about 20 per cent of 150-proof grape brandy.

The second-rank ports tended to be lighter, and therefore easier to taste, but Rebello Valente was an exceptionally big, fruity wine, somewhat clumsy at this stage. On the other hand I found the Gould Campbell rather lighter in colour and weight and well balanced. This seemed to be the view of others, too. It will be cheaper than the top names, as will the fairly light Delaforce, which I also liked.

The wines that at the moment are obviously very spirity, like Sandeman, Smith Woodhouse and Warre, were difficult to evaluate, though the quite spirity Graham had character. The Fonseca, which generally won high praise, was noticeably sweeter, stronger and more backward. Personally "on the night" I preferred the drier Dow and the more elegant Taylor, if such an epithet could be applied at this stage to wines that resembled the cart horse rather than the race horse.

Among the merchants offering these 1977 ports, Averys of Bristol has sent its customers notes on a blind tasting of the ten wines they are listing. Of the leading names the Croft, Fonseca and Taylor came out best; the Quarles Harris (not in the Christie tasting) and the Smith Woodhouse among the second rank. In-bond, ex-VAT prices range from £60-£47 a case.

The 1977 vintage is thought to be superior to the other pair declared in the decade — 1970 and 1975—and possibly as good, and as slow to develop as the 1963s and 1955s. So whether one lays down the vintage, which is expensive, may depend not only on one's pocket but also on one's age group.

Owing to their relatively high strength and full-bodied qualities, young burgundies are also not easy to taste. Recently I had two opportunities to taste the 1978s: in London at the annual Louis Latour tasting, and in Beaune in the cellars of Remoissenet, through whom the big French firm of Nicolas buy their Côte d'Or wines, and whose agents in Britain are Averys. In London I sampled 25 wines, nine of them white, and four of the reds from the Beaujolais region. In Beaune I tasted 28 wines from the cask, ten of them white.

As white burgundy develops earlier than the red, and thus is easier to taste, so I found the 1978s excellent: fruity and lively, though some in Beaune, recently racked, were rather closed-up and dumb. As the Latour tasting was for the trade, the prices quoted are not relevant for retail buyers, but where the wines tasted in Beaune have been offered by Avery I give their in-bond Bristol prices per dozen.

Among white burgandies Latour have usually had a very attractive Meursault Blagny, and the 1978 was no exception: a fruity wine with plenty behind it.

In Beaune I particularly liked the full-flavoured Meursault Charmes (£81) and the more elegant Puligny Montrachet (£69), though the Puligny Combettes (£84) was bigger and with more body, while the somewhat comparable Puligny Folatières of Latour had a lovely aroma and greater style. Both firms' Corton Charlemagne (Avery's £108) were redolent of new oak on nose and palate, and had all the "size" looked-for in this wine. Of the top whites, in Beaune I preferred the Chevalier Montrachet (£156) to the Montrachet (£219), which was more closed-up. Both are very expensive, but their prices must be compared with those of the infinitely more plentiful premiercru clarets. The whole Montrachet vineyard is less than 8 has, that of Lafite alone about 80 has.

Of the red burgundies, I particularly liked Louis Latour's Mercurey, Volnay Premier Cru, Corton-Bressandes, Chambolle-Musigny and Nuits-St. Georges Premier-Cru. Some indication of the prices may be shown in that the trade price, ex-cellars in Beaune, for the last, the most expensive wine, was £116 a dozen, which suggests a retail price not much less than £175.

Among the Remoissenet red wines I enjoyed the Santenay Gravières (£54), Pommard-Epenots, Nuits-St. Georges (£108), Vosne - Suchots, Chambolle-Charmes (£111), Grands-Echézeaux and an exceptional Bonnes-Mares (£156), with lovely bouquet and fruity flavour.

The Remoissenet cellar-master said that whereas the '78 red burgundies were "masculine," and would take time to come round, the less tannic '78s were "feminine." The sexist significance of this I leave to others to analyse. But the "ladies" are dearer.

For those who feel that red burgundies are beyond their reach, the alternative lies not far away—in the Rhône, where 1978 was an exceptional vintage—some say the best since the celebrated '61.

Loeb's tasting of 12 wines of Jaboulet, for whom they are the agents, showed their remarkable character: deep in colour, with fine bouquet and with great intensity of flavour. They ranged from a Tavel, unusually fruity for a rosé, to Jaboulet's own Hermitage La Chapelle, big but not coarse with a long taste in the mouth. In between came an almost black-tinted Crozes-Hermitage Thalabert and a big-coloured powerful Châteauneuf-du-Pape Les Cèdres. All need keeping for some years.

Once again this was a trade tasting, but retail prices can be obtained from O. W. Loeb, 15 Jermyn Street, London, SW1. However, it is not too far out to say that they are unlikely to be more than half the cost of the Côte d'Or wines.

Badsworth Boy looks safest

RACING

BY DOMINIC WIGAN

IN SPITE of the presence of 16 opponents, Badsworth Boy looks to be the safest bet at Nottingham this afternoon.

The Tony Dickinson-trained five-year-old, a high-class performer over hurdles, has already stamped himself as an exciting prospect in the ranks of junior chasers. The seven-length conqueror of Cape Feliz in Wetherby's Collingham Novices Chase on January 15, Badsworth Boy went on to beat Black Market with far more in hand than the two-length margin in a similar event at Stockton eight days ago might suggest.

Two other possible winners for Dickinson and Tommy Carmody, whose "strike rate" is superior to that of even Jonjo O'Neill, are Red Mills and Santon Brig. This pair go respectively for the Carlton Handicap Hurdle and the Bonnington Handicap Chase.

Red Mills, a winner at Ayr and Market Rasen last term, has not been seen out since making little show in a modest event at Worcester in October.

Santon Brig, whose jumping sometimes lets him down, showed on his last appearance that a return to the winners' enclosure could be imminent.

Come To Hand lost little cast in defeat when failing by 1½ lengths to cope with Three Ways in a division of Stockton's Bowes Hurdle on January 21 and I am hopeful that he can recoup losses for those backers who make him a 2-1 on chance with a win in the second division of the Stop Gap four-year-old Hurdle.

South-West of Nottingham, racing is due to take place at Chepstow. Here, I believe, backers could do worse than take a chance with the progressive Glen Berg in the 2½ miles Persian War Novice Hurdle.

NOTTINGHAM

1.00—Crouton
1.30—Yukon Flash
2.00—Sea Emperor
2.30—Borgeois
3.00—Santon Brig*
3.30—Badsworth Boy***
4.00—Come To Hand

CHEPSTOW

1.45—Jearlet
2.15—Flurry Knox
2.45—Glen Berg**
3.15—Lanka
3.45—Woodham
4.15—Gemini Miss

TV/Radio

BBC 1

† Indicates programme in black and white

9.35 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround.
5.15 Grange Hill.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Robbie (London and South East only).
7.20 The Rockford Files.
8.10 Decision.
9.00 News.
9.25 Flesh and Blood.
10.15 Johnny Be Good: "Omnibus" film about Chuck Berry, the father of rock and roll.
11.10 News Headlines.
11.12 Question Time.
12.07 am Weather / Regional News.

All Regions as BBC1 except as follows:

Wales—10.38-10.58 am I Ysgolion. 3.05-3.55 pm Snooker: Welsh Professional Championship Final. 4.40 Crystal Tipps. 4.45-5.15 Bobol Bach. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol y cwm. 7.40-8.10 A Question of Sport. 11.12 am Snooker (Welsh Championship Final). 12.12 am News and Weather for Wales.

Scotland — 10.38-10.58 For Schools (around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 Sing Along with Sunshine. 10.15 Current Account. 10.45 Can Seo. 11.20 Write Away. 11.35 News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 10.15 Spotlight on Northern Ireland Affairs. 10.45 The Kids Are United. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Daly on a Tuesday: Midlands (Birmingham) Look! Hear!; North (Leeds) Lifelines: North Eeast (Newcastle) Heroes; North West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me! South West (Plymouth) Over to You; West (Bristol) Day Out.

BBC 2

10.05 am Sisters and Brothers.
11.00 Play School (as BBC1 3.55 pm).
11.25 Write Away.
11.40 It's a Great Life.
2.30 pm Dilemmas.
3.00 Illusions of Reality.
3.30 The Living City.
†5.40 Harold Lloyd.
6.05 That's the way to do it.
6.35 The World About Us.
7.25 Mid-Evening News.
7.40 Cricket: Australia v West Indies (highlights).
8.10 Company and Co.
9.00 Movie showcase: "The Private Files of J. Edgar Hoover" starring Broderick Crawford.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

BBC2 Wales only—3.55-5.40 pm Snooker: Welsh Professional Championship Final.

LONDON

9.30 am Schools Programmes. 12.00 Simon in the Land of Chalk Drawings. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Airport Chaplain. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Robin's Nest.
9.00 Hollywood.
10.00 News.
10.30 The Evening Standard Drama Awards.
11.30 Barnaby Jones.
12.25 am Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 7.30 Selwyn. 11.30 Sidestreet. 12.30 am Your Music At Night.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 11.30 ATV Newsdesk. 11.35 Al Martino In Concert.

BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Luke's Kingdom. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report At Six. 10.28 Channel Late News. 11.30 Kaz. 12.25 am Commentaires et Prévisions Météorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News-Headlines. 6.00 North Tonight. 7.00 The Love Boat. 10.30 Cover To Cover. 11.00 Reflections. 11.05 In All Seasons. 11.30 Evening Standard Drama Awards. 12.30 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 After Noon. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 11.30 Hawaii Five-O.

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers: Acker Bilk. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best In The West. 7.00 The Incredible Hulk. 11.35 Celebrity Concert.

HTV Cymru/Wales—As HTV West/HTV General Service except:—10.16-10.31 am Mwy Neu Lai. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Quest Of Eagles. 10.35 Bywyd. 11.35-12.30 am The Evening Standard Drama Awards.

SCOTTISH

1.20 pm News and Road and Weather. 1.30 How's Your Father. 5.15 Border Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 11.30 Late Call. 11.35 Human Rights Day Concert.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 11.30 Southern News Extra. 11.35 Fireside Theatre.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News And Lookaround. 5.15 Selwyn. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Come In, It You Can Get In. 11.00 North East News Headlines. 11.05 The Odd Couple. 11.30 Evening Standard Drama Awards. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop In Your Hand. 10.29 Ulster Weather. 11.30 Barney Miller. 12.00 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Kaz. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Selwyn. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Side Street.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	200kHz/1500m & 92.95vhf	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	1215kHz/247m & 90-92.5vhf stereo	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Cricket report. 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S) (continued). 6.03 John Dunn (S). 8.02 Wiv A Little Bit O' Luck (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News, 1.02, 2.02 Cricket report. 2.03-5.00 am You And The Night And The Music (S) including 3.02, 4.02 Cricket.

RADIO 3

5.30-7.35 am Test Match Special Australia v West Indies (‡ only from 7.00). 6.55 Weather. 7.00 News (vhf only). 7.05 Overture (S) (vhf only until 7.35). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 The Trio-Sonata (S). 11.00 London Studio Strings (S). 11.35 Chopin piano recital on record (S). 12.15 pm Lunchtime Prom, part 1 (S). 1.00 News. 1.05 Six Continents. 1.20 Lunchtime Prom, part 2 (S). 2.05 Music For Tenor And Guitar (S). 2.35 In The Shadows Of The Great (S). 3.25 Symphonies From Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Delius: Violin Sonata No. 3 (S). 7.30 Play Festival: "The Bagman Or The Impromptu Of Muswell Hill," by John Arden. 9.00 Sacred And Profane concert, part 1 (S). 9.40 Interval Reading. 9.50 Concert, part 2. 10.40 Come Blow Your Horn (talk by Patrick Strevens) (S). 11.15 Prokofiev: piano recital (S). 11.55-12.00 News.

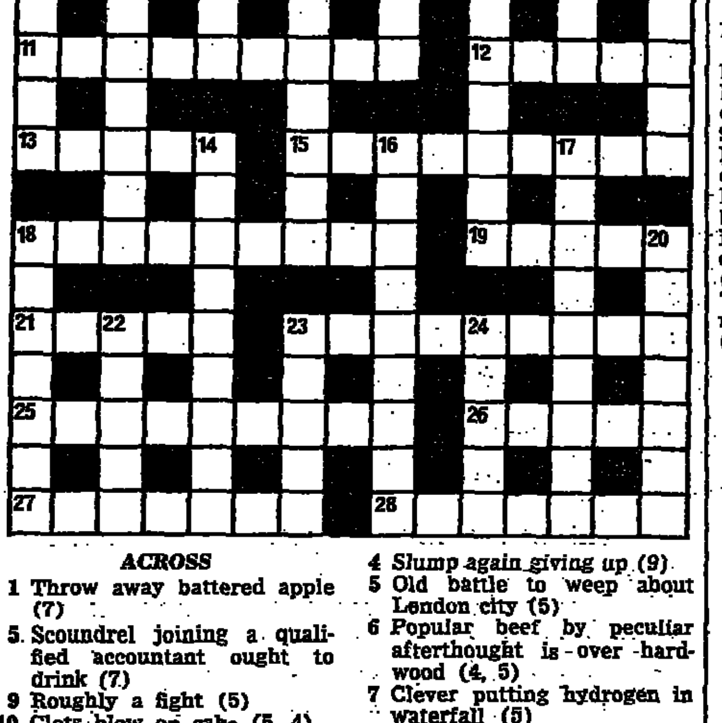
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 The Wooden Horse. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Sons And Lovers (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 The Manipulators (the techniques of hidden persuasion). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,186



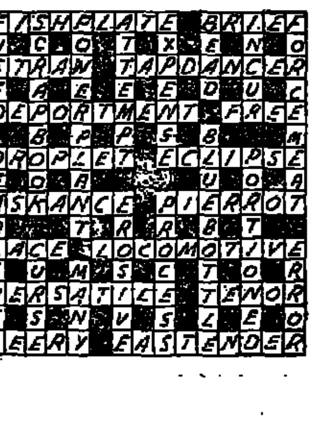
ACROSS

1 Throw away battered apple (7)
5 Scoundrel joining a qualified accountant ought to drink (7)
9 Roughly a fight (5)
10 Clots blow on cake (5, 4)
11 Only just discovered woolly state of America (3, 6)
12 Took legal action before eastern kid undressed (5)
13 Sensational ancient city inside cover (5)
15 Stormy client men confuse (9)
18 Vibrations concerning boy taking article to church (9)
19 United Kingdom returning party's glory (5)
21 Leaving forces protest march with barehead (5)
23 Combine with receiver staked out on perimeter (4, 5)
25 To dissect a tiny bit is key. . . (9)
26 . . . to people giving flag to hothead (5)
27 Ten ingredients twice point to understanding (7)
28 Scattered way engineers married (7)

DOWN

1 Cloth one has to face with soft soap (7)
2 Plant for founding club is effective (4, 5)
3 Little bird man has to tax (5)
4 Slump again giving up (9)
5 Old battle to weep about London city (5)
6 Popular beef by peculiar afterthought is over hardwood (4, 5)
7 Clever putting hydrogen in waterfall (5)
8 Eccentric not following conductor (3-4)
14 Do north-eastern railways admit to being cheated? (4, 5)
16 Caught slim quality of purity (9)
17 Aim to finish with inspection (3, 2, 4)
18 Route Russians take to throat (3, 4)
20 Watch the dunderhead being boiled (7)
22 Intended, to have average tea (5)
23 Put up in rear (5)
24 Airman likely to make rapid progress (5)

Solution to Puzzle No. 4,185



THE ARTS

Victoria and Albert/Agnews/Heim

Old Master drawings by DAVID PIPER

The great collections of drawings in the world really do exist in a shadowy limbo, as far as the general public, or even that amorphous body, the "art-loving public," are concerned. Not for scholars or students, of course, who once they know the drill can normally gain access to print rooms anywhere in the world. Generally, any member of the public, given patience and perseverance, can do likewise, and have the heavy solander cases opened up before him; may even be surprised by the issue of surgical rubber gloves with which to handle the mounts. But he has to know what he wants to see, which not only presupposes knowledge but knowledge available through published catalogues, which may not exist, or be out of print. By and large, the drawings rest at peace in their boxes, preserved from light which, though only by its virtue do the drawings come to life, also destroys them physically. If the visiting of print rooms became fashionable, and queues began to form, the system would become unworkable. The numbers of drawings stashed away in the great print rooms of the world are millions, the staff to make them available (and supervise them) minimal.

One answer is provided by reproductions; modern techniques at their (expensive) best can produce virtual facsimiles, but the choice inevitably is limited, and the reproduction can never, however good, satisfy as does the original. Most print rooms do their best by showing a selection of some aspect of their holdings, changing it every two or three months, or more frequently. I wonder sometimes if we concentrate enough on this simple practice; the loan exhibition is seductive, attracts visitors, may advance knowledge, but at the expense of not making visible some part of the institution's own collections. The Victoria and Albert Museum's Print Room does concentrate generally on this. Its current exhibition, the admirably thought-out and presented *Photography in Printmaking*, is drawn mainly from the Museum's own holdings, and answers the Museum's didactic functions in exemplary fashion. Anyone in particular still flummoxed by the obscurities of current art should see it (till February 10).

For those who delight in drawings, however, the current major attraction (till February 24) at the V and A is the Arts Council show of work by Ingres, drawn mainly from the museum at Montauban (Ingres' native town). This has not perhaps attracted as much attention as is its due. English taste is reluctant to come to terms with Ingres' ruthless finish in his more ambitious compositions, a reluctance I must admit to sharing, especially when confronted with specimens of the notorious "goitrous neck" with which he endows his serpentine nudes. English clients, and later generations, on the other hand have always delighted in the pencil portraits that he did in Rome early in his career. A selection of these has been borrowed from various sources.

The genre was popular at the time—small-scale, often whole-length, delineations, but the seeming finality of Ingres's definition of his sitter makes English examples, by Cosway or Edridge, positively woolly; the medium also allowed Ingres scope not only for the exercise of his virtuosity in austere contour, but for the enchantingly free calligraphy of his pencil over the outline precision when rendering contrasting textures like fur. The early townscape drawings of Rome, rarely seen in this country, are however no less attractive—small, but meticulously both structured in relation to the page and detailed, and most marvellously echoingly empty (the catalogue likens their atmospherics to de Chirico).

Most of the exhibition displays later studies for the great "machines," in which you can follow Ingres, endlessly painstaking, distilling the superfluities, the departures from ideal form, that his models offered him in their fallible flesh, to the essentials that his art demanded. You can see him starting from the nude, adjusting the pose again and again; then dressing the model, studying details of drapery and costume. The end result is shown by photographs.

Even those who do not instinctaly warm to the thought of Ingres should find delight here: the exhibition is exquisitely presented with no gimmicks (the presenceof Canova's *Sleeping Nymph* in the first room is no gimmick, but an inspred invocation of mood). It is exactly the right scale, small rooms opening out of each other. It will be shown subsequently at Birmingham (March 1 to April 12) and the Ashmolean Museum, Oxford (April 19 to June 8). Remember that the V and A is closed on Fridays.

The London art market—auctions and dealers—offer those whose daily business brings them into the West End opportunities unparalleled elsewhere for study of drawings. One of the staples are the exhibitions put on by dealers: two excellent ones are at present in progress. The annual show at Agnews of watercolours and drawings (until February 15) is their 107th; everything is for sale and though the background mumble of complaint from older viewers is variations on the theme of how that would have cost thirty bob in the old days, the quality revealed remains remarkably high. There is a superb J. R. Cozens; there are Girtin, Turner, Constable, Samuel Palmer, Lear.

Rape of Dejanira by Tiepolo

There is a wealth of the other Turner, William of Oxford, generally grievously overshadowed in reputation by his namesake J.M.W. — but how, since the recent Newall sale when a spectacular Turner of Oxford went for tens of thousands indeed a topic of wealth in its more material aspects. There is one very large, very fine one here, a halcyon view, of crystal space and blue water across Portsmouth harbour, but there are also charming, more modest, ones at relatively modest prices. Soft lead impressions, notably some nostalgic ones of Oxford itself, before pylons, before multi-storey car parks, blandly awaiting the Scholar-Gipsy.

Loan exhibitions organised by the select few of the major London dealers with the necessary gallery space, have become invaluable. The latest in the series at the Heim Gallery consists of a hundred of the finest drawings from the Polish collections. It is possible, indeed probable, that literally no one in the West had seen all these drawings before this exhibition. The preface by Maria Mrozinska to the catalogue outlines the history of the collecting of drawings in Poland. It is set out very soberly, but it is in large measure an account of calamity beyond which the echoes of far worse human tragedy are almost audible. The invasions and occupations of Poland are of such extent that it is extraordinary that anything so fragile as a drawing should have survived at all. The visitor to this exhibition will discover that the survivals include nevertheless many remarkable items.

There are, for example, seven Rembrandts, including two substantial landscape drawings. The Rubens include a spectacular and enchanting fully finished drawing of *The Flight to Egypt*—seen as placid if divine domestic occasion, plump Virgin resting up in an admiring throng of naked putti. There is a strange head by Dürer, and and art historian's puzzle by the obscure Wolfgang Peurer but inscribed (and possibly worked on) by Dürer — a galloping horseman half of whose body appears to be going forward with the horse, while the other half is directed to the rear. There are delicate drawings from the German 19th-century, by Cornelius and, unexpectedly, the architect Schinkel.

No pre-sixteenth century Italians, but interesting sixteenth-century ones. The French (Fragonard, Robert) mainly eighteenth-century, but a very pretty sixteenth-century one is a well preserved Clouet head of a young girl, in the mode represented by the great sequence at Chantilly—but also an unexpected contribution to British royal iconography, as it is a version, apparently autograph, of the drawing of Mary Queen of Scots in the Bibliothèque Nationale.

One would scarcely expect a national pattern of collecting to emerge, but there is witness of artists of high accomplishment attracted to the court of Poland in the 18th century, especially that of the last Polish king, Stanislas Augustus. The best known was Canaletto's nephew, Bernardo Bellotto, from whose nervous, lively pen there are three drawings. Kamsetzer and André le Brun, artists especially connected with Poland, will be familiar here only to specialists, though by Pillement (who worked for a decade in London too) there is an exquisite design for a floral mural decoration, fragile, as if breathed on to the paper. Of the better known Italians, a formidable little Piranesi architectural fantasy; Pittoni; an incandescent flickering presence of St. Roch among the plague stricken, ascribed to Antonio Guardi: a highly spirited Rape of Dejanira by Domenico Tiepolo.

The catalogue is very densely and fully worked, complete with bibliographical references that will be strange to many scholars in the West; it is fully illustrated. The exhibition is at Heim till February 26, and then goes to Birmingham (March); Dublin (April/May); the Fitzwilliam at Cambridge (May/June); and Cardiff (July).

ICA

Young composers by DOMINIC GILL

Adrian Jack's enterprising MusICA series stepped aside from the mainstream of its programme—as every responsible new music series should—to offer a platform last Sunday to four young composers, none of whom is yet "established on the commission or festival circuit."

It is never the first purpose of such concerts to discover masterworks: that would be a welcome, but rare, bonus. The principal intention is to provide, like Schoenberg's Society for the Private Performance of Music, the players and the platform: looked after thus far, the music can look after itself. So, on Sunday, no masterworks: but four new pieces, all of them decently and capably made, each one setting up and solving, with various degrees of success, different problems in its own fashion.

Lichtzwang by Raymond Deane (b. 1953) for cello and piano was the shortest and perhaps the least ambitious: but it was no bad thing at all to hear for once a piece achieve almost exactly what it set out to do—a seven-minute essay in simple curves of tension and relaxation, the percussive piano setting off the cello's natural tendency to *cantabile*, the pair joining together in brief argument before a quiet coda (this last the only really predictable element, the usual quiet end, the easy fade).

Voyages by Brian Noyes (b. 1949) was scored for six instruments including piano, and the piano again was the assertive partner—stating right from the start, in angry arpeggios, the harmonic basis on which the music was built, a distinctly neo-romantic sequence with powerful tonal implications. The cello, and Melody, then appeared: and echoes of Schoenberg, urgent undercurrents of Mahler, which constantly returned to, only to journey again away from, the first harmonic idea. The idiom was an interesting but unsettled one, uneasy in its tonal excursions, inconclusive in its stance: difficult to be exactly sure where Noyes's voyage intended to take us. But there were some nice textures, precisely imagined: at the start especially, as the piano proposed its sequence, a rather beautiful seascape of rocking instrumental chords.

The title of Sinan Savaskan's *Many Stares Through Semi-Nocturnal Zeiss Blink* for flute, clarinet, violin, viola, cello, double bass and percussion echoed its pretensions in the composer's programme-note—where it was "hoped that the unexpected, non-dramatic, non-developing nature of the work will provide a stillness, which in turn will point at the 'drama around us' and the drama inside a single sound." The effect of the piece was amiable enough: 14 minutes of pseudo-Zen meditation, minimally worked, and all of it extremely slow-moving. But it was difficult to listen to, and seemed somehow inappropriate, in context: the spirit of the evening was directed elsewhere—aren't such tentative ruminations best undertaken in the workshop, or better still, miles from the concert hall, and without an audience, in some lonely mountain place?

Jane Wells's *Under the redwood tree* was not so much misplaced as wildly over-ambitious: a setting for soprano, four instruments and percussion of a huge chunk from Elizabeth Smart's *By Grand Central Station I Sat Down and Wept*. A text so effusive, spineless and syntactically flabby calls for exceptionally powerful musical ideas to sustain it — and Miss Wells rose less than half way to the occasion. She found some good things along the way, notably one or two dark thrills of instrumental texture: but by the end she had clearly run out of steam as well of ideas — a final paragraph spoken, not sung, is the most predictable cop-out of all.

The excellent soloist was Karen Jensen; and the evening's ensemble, secure and well-prepared, was Lontano under the direction of Odaline de la Martinez.

Major Paul Gauguin work on loan to National Gallery

A fine late work by Paul Gauguin, *Horsemen on the Beach*, has been lent to the National Gallery and can be seen in Room 45 until the end of March.

The picture is on loan from the Stavros S. Niarchos collection, and has not been seen in London since 1958 when it appeared in the Arts Council exhibition of the Niarchos collection at the Tate Gallery. It is in oil on canvas, and measures 29 x 36½ inches.

Wembley Conference Centre

Kurt Sanderling by RICHARD JOSEPH

On Sunday evening the Philharmonia concluded their latest Beethoven cycle—their first under the excellent East German conductor Kurt Sanderling—with a performance of the *Ninth Symphony* at Wembley Conference Centre. This was prefaced by the *Choral Fantasy*, an amalgam of Beethoven's piano improvisation and variation technique, capped off by an embryonic Choral finale. To make its fullest impact, the Fantasy's proliferating orchestral and vocal parts must seem to grow out of the range of sounds produced by the solo piano at the outset of the work. John Lill's plain, sturdy tone and literal articulation, which serve him well in more complexly knit music, were unable to make the required impact. The orchestral implications of the piano writing remained hidden and the music's basic premise was consequently lost.

In the Ninth, Sanderling displayed many of the qualities that have led to his current esteem. He has a sure sense of the relative importance of primary and secondary voices, a corresponding control over long range structure and a rhythmic stability which never compromises the lyrical forward movement of the music. His tempi were never controversial, and on Sunday night the changes from *Adagio to Andante* in the third movement of the symphony were as organically handled as I have heard in the concert hall. Texturally, Sanderling refrains from adjusting the wind parts, as so many Central European conductors have done, keeping the rough hewn quality of Beethoven's valveless brass writing intact. Woodwind were doubled in number, which is fair enough in so large a hall, but the scherzo was shorn of its repeats (except in the central trio section), which was a pity.

However, for a number of reasons, Sanderling's humane and purposeful view of the Ninth was not successfully carried out. The Conference Centre's acoustic must take part of the blame. With so much absorbent carpeting around, there is little blend or projection of sound, and it must be difficult for the further flung sections of the orchestra to hear each other on the platform. The violins maintained good ensemble and intonation despite this, but the back desk cellos were often under the note and flaccid in bowing. In addition, poor bass resonance in the hall meant that one heard more resin than double bass tone.

The admirable Philharmonia Chorus's contribution was further dampened by the lack of tiered seating for the back rows of the Chorus, so their sound could not project out as clearly as it should have and ensemble was not as crisp as it usually is in the Festival Hall. Some of the choir took matters into their own hands and stood on their chairs, but this was a token gesture at best. The solo quartet of Sally Burgess, Carolyn Watkinson, Robin Leggate and Malcolm King was fresh voiced and suitably youthful sounding, with King and Leggate both outstanding in their extended solos.

In all, the potential of Sanderling's interpretation was seriously compromised. The Ninth is a communal, not an individualistic work. It needs the attention and commitment of every participant in order to take wing. The Philharmonia looked plainly discouraged by their conditions, and their response was never better than a slightly tired average. In a more suitable hall, with a more spirited orchestra, I have no doubt that Sanderling's performance would be recognised as one of the finest of post-war Beethoven Ninths; it is, despite the flaws catalogued, much to be preferred to Maazel's performance in the Philharmonia's last cycle. I hope British audiences will not have to travel to Dresden, Vienna, or elsewhere in order to hear Sanderling's noble, intelligent conception carried out.

The Academy goes British

Following the success, both critical and financial, of the current Post-Impressionism exhibition at the Royal Academy, 1980 offers more modest, and home grown, displays. Five British artists, all recent or contemporary, receive retrospective exhibitions.

Perhaps the most important is that devoted to the work of Stanley Spencer, which will open to the public between September 20 and December 14. Two over-neglected artists, Sir George Clausen and Algernon Newton, are also honoured, Clausen's exhibition running from July 22 to August 24 and Newton's from November 1-December 7.

Then there are two major retrospectives of living and working artists, Ruskin Spear, from March 8 to April 13, and Victor Pasmore, from September 13 to October 19. Apart from the Summer Exhibition, which starts rather later than usual, the other main events are an exhibition of paintings, porcelain and furniture collected by the first Lord Leverhulme in late Victorian and Edwardian times; the first European show for the acclaimed American artist Andrew Wyeth, and British Art Now; An American Perspective, a London view of an exhibition of eight young British artists which will tour the U.S. this year.

The Post-Impressionism exhibition has been extended by two weeks to March 30. It is the most successful show at the Academy since Turner, with over 280,000 visitors to date, contributing a revenue of £300,000. The money is badly needed to reduce the Royal Academy's overdraft which had reached £500,000. Lacking any substantial Government aid, the Academy faces an underlying financial crisis only temporarily lifted by the income from Post-Impressionism. In an average year expenditure is £560,000 and income £300,000.

A.T.

FINANCIAL TIMES
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Tuesday January 29 1980

The law must be clarified

THE APPEAL Court's directive to the executive of the Iron and Steel Trades Confederation to call off the strike in the private steel sector is obviously of short-term benefit to the Government in that it means that steel supplies are now more likely to get through to manufacturing industry while the strike at the British Steel Corporation continues. It is also of more than passing interest that the executive appears ready not to defy the ruling, although it will understandably seek to have it reversed in the House of Lords.

Remote

The directive, however, raises issues which go far beyond the present steel strike. What it means, in effect is that the law relating to trade disputes, and therefore to the trade unions' right to strike, is unclear.

The authority for secondary strike action has long been based on an evaluation of whether it was done "in contemplation or furtherance of" the original dispute. That is, a union could extend strike action to an employer not involved provided that there were reasonable grounds for showing that the pursuit of the original dispute was still the main purpose.

That doctrine was most recently upheld, in favour of the unions, in the case of *Express Newspapers v McShane* in the House of Lords only a few weeks ago. The Lords ruled that although the secondary action might have seemed remote from the original dispute, it was still legal. It was in the light of that ruling that Mr. Justice Kenneth Jones declined to grant an injunction to the private steel producers last Fri- to prevent the strike in the private steel sector last Friday The very next day three judges of the Appeal Court, headed by Lord Denning who had also found against the unions in the McShane case, ruled differently.

Pressure

Some of the reasoning behind the Denning judgment in the steel case appears distinctly odd. It is not clear, for example, that the strike would have caused "grave damage to the economy and the life of the country and put the whole nation and its welfare at risk." For that we have only Lord Denning's word and on such matters he is unlikely to be a much better judge than many other people. Nor is it clear that the possible effects of the strike on the national economy had anything to do with the matter on which the Appeal Court was asked to rule.

The question at issue was whether or not the extension of the strike to the private sector was in furtherance of the original dispute. Yet Lord Denning came up with the finding that the union had introduced a second dispute—not with the BSC, but with the Government in order to put pressure on the Government to provide more money to settle the strike at the Steel Corporation.

Such a judgment will be extraordinarily difficult to uphold in the House of Lords, the more especially as it concerns a loss-making nationalised industry where the ultimate paymaster is clearly the Government. The union's action may have been deplorable, but it may well be ruled legitimate in the end.

The real point, however, is the lack of clarity in the law. There appears to be no agreed definition of actions which although secondary to an original dispute, are in furtherance of it. If Lord Denning had his way, the definition would be extremely restrictive perhaps almost to the point of banning secondary action altogether. Yet if others had their way, it would be permissive to the extent of allowing widespread economic disruption going way beyond the parties to a dispute.

Unsatisfactory

In theory there is a balance to be struck between the unions' rights to pursue their disputes through industrial action and the protection of those not involved. As Lord Denning himself once said: "A man who is carrying on a lawful trade or calling has a right to be protected from any unlawful interference with it." The trouble is that that begs the question of what is "unlawful interference." The balance has not been found. Lord Denning has sometimes ruled one way and the House of Lords another.

If the existing law is unclear, it will have to be changed. No one would suggest that such a task will be easy, for this Government or for any other. Yet it is in the interests of everyone, including the trade unions, that clarity should be sought. The present situation where those employers who want an injunction can go to Lord Denning and get it, only for the House of Lords to reverse the ruling on appeal, is entirely unsatisfactory.

Prudent—after an interval

PRESIDENT CARTER should have achieved something to sustain the reviving confidence in the dollar through a budget proposal which certainly cannot be accused of old-fashined electioneering. Reverting to his old platform of prudent finance, he intends to cut the Federal borrowing requirement by the equivalent of 1 per cent of GDP in a year when his own official forecast points to a recession. It is true that the ghost of fiscal stimulus still haunts the scene; there is the promise of tax cuts and extra spending should the recession prove unexpectedly deep; but the aim is a high-employment surplus, despite increased defence outlays.

Were this a British style Budget, announcing decisions for the period immediately ahead, the message for the dollar would be clear; but of course the President's Budget message is only a proposal to Congress, for a period which does not begin until next October. This feature of the American constitution raises two questions: what will happen to the economy between now and October? and what will happen to the Budget proposals?

At present the Federal finances are in deficit to the tune of an estimated $40bn for 1980, about a third more than was proposed in the last Budget message, mainly because the President's tax proposals, notably the tax on oil profits, were not enacted. This heavy Federal borrowing is little strain in the financial markets at present, because private sector borrowing—notably consumer borrowing—has dipped sharply since the large rise in interest rates last October.

Compromise

However, there has been a notable revival in consumer confidence since the Afghanistan crisis, and an even sharper revival on Wall Street, since higher defence spending is seen as a sovereign charm against recession, and there is now some suggestion of hedge buying of commodities and some equipment. The bond market has not joined in the celebrations, as the financial community continues to see difficult conditions, and possibly a credit crunch, in the period ahead.

If this revival of confidence is sufficient to keep the economy quite briskly active, as seems likely at present, it is possible that the President will get a better reception for his proposals than in the last two years. Although there has been much discussion of a tax cut, which Congressmen would dearly like to enact in an election year, there is a growing acceptance that this would be a harmful step at present. Agreed compromise also seems assured on energy taxation.

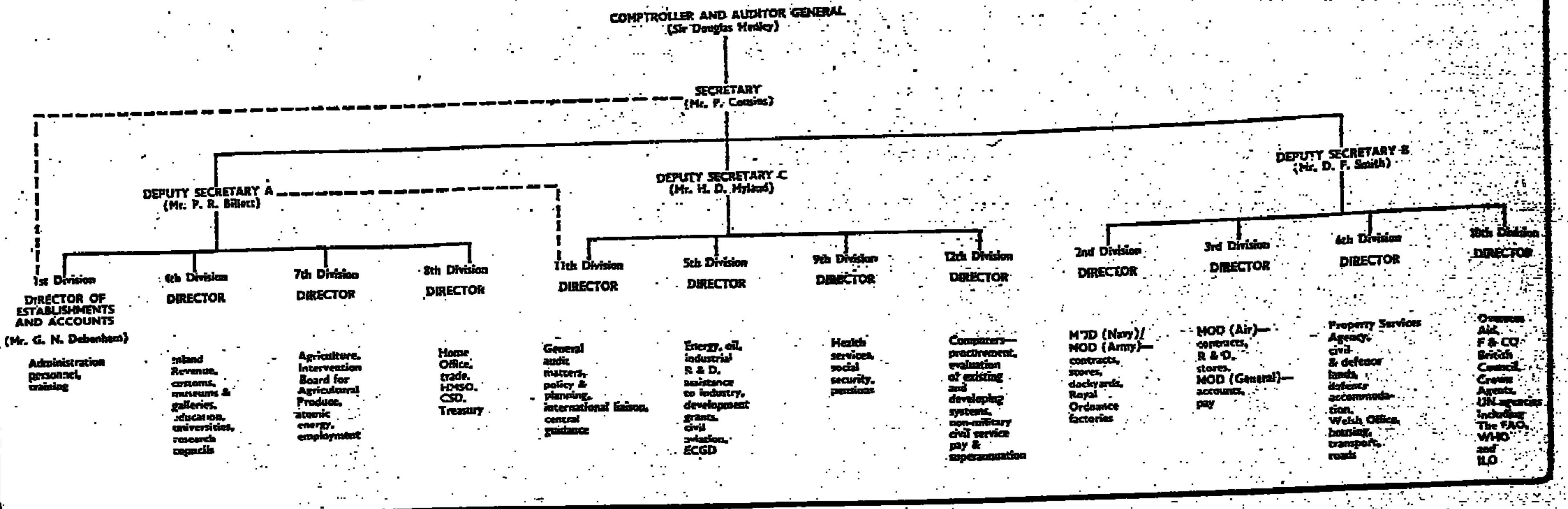
Investment

There is therefore a fair chance that the President's proposals will emerge in a recognisable form at the end of the Congressional process in July. Since the present chances are that both inflation and economic activity will be somewhat above official forecast levels, the fiscal out-turn in 1980-81 might well be a deficit at or below the official target. In effect, the windfall tax is being used to finance the increase in the defence budget, and mild economies in other forms of spending are proposed.

This does appear to be a prudent and responsible balance, as the President has claimed; and since U.S. foreign trade will be assisted by import substitution, as large foreign investments in U.S. production facilities come on stream, the background for the dollar could be far less unsettling than for some years. There are already reports of revived private investment demand for dollars, as might be expected in a world political crisis.

For the longer run, however, it must also be noted that there is little promise here of any change radical enough to redress the fundamental weaknesses of U.S. performance in recent years — low saving, low investment and low productivity growth, a somewhat British pattern. For these purposes ,a more radically "prudent" approach, may be required, possibly including higher taxes and less shelter for consumers from the cost of borrowing. But it would be idle to look for such measures in an election year.

The Exchequer and Audit Department's Extensive Organisation



Private eyes on the public audit

BY MICHAEL LAFFERTY

THE ROLE of Britain's national audit service, the Exchequer and Audit Department, is under scrutiny. Yesterday the UK accountancy bodies said there was an urgent need for a strengthening of the whole process of scrutiny and audit of Government. The Consultancy Committee of Accountancy Bodies cast aspersions on the E and AD's ability to do its job by emphasising that its total staff is only a fraction of the size of any one of the large private sector accounting firms. The latter, on average, probably has about 1,500 accountants and other professional staff where the E and AD has less than 700.

This is not the first time the E and AD has come in for criticism. A report on a management review published last year contained a lengthy list of recommendations for reform which ought to make any self-respecting auditor blush. Couched in discreet and diplomatic Whitehall language, the review committee's report said the department "should adopt a more positive approach to audit management, and should draw up procedures for greater planning, monitoring and review." It spoke of the need for standardised documentation throughout E and AD, for detailed check lists, for better working papers, greater central guidance, and the introduction of quality control reviews.

One of the report's main recommendations was that the E and AD should reaffirm its acceptance in principle of the concept of systems based auditing, under which the modern auditor reduces the extent of detailed testing by relying more on the controls and system operated by management. On staffing, the report simply states that "a natural and conscientious concern for economy in staffing has been taken too far."

All of these and many other points may become the subject of far greater public discussion a few month from now, when a Government Green Paper on the E and AD is published.

Anyone who has taken a look at the present structure of public audit in Britain would probably agree that reform is now overdue. The present legislation dates from the Exchequer and Audit Departments Acts of 1866 and 1921, which provide that the Comptroller and Auditor General is an officer under the Crown. The Acts require the Comptroller to audit the appropriation, trading, production and other accounts of all government departments, and to certify the accounts and report on them to the House of Commons.

Over the years the E and AD's responsibilities have been extended to the audit of some 25 public and quasi-public organisations such as the Church Commissioners; 126 statutory boards and authorities such as the Atomic Energy Authority; 78 other organisations like the Arts Council; and 45 international bodies including several UN agencies.

However, there is not always agreement as to the full scope of the Comptroller and Auditor General's responsibilities, as the recent case of the National Enterprise Board demonstrated.

In broad terms the E and AD Acts require the Comptroller and Auditor General to satisfy himself that money spent has been used for the purposes intended by Parliament, and that the expenditure conforms to the authority which governs it. The Acts give him wide discretion over the nature and extent of his audit and afford him a right of access to the books of account. To a large extent, it seems that the same principles are applied to the audit of accounts not governed by the E and AD Acts.

In practice, the public audit function seems to have developed along two separate lines. On the one hand there is the traditional financial/regulatory work, which ought to be broadly comparable with an audit under the Companies Act. In addition to this the C and AG has for many years been paying increasing attention to the economy and efficiency of the operations of those organisations he audits or inspects. This is known as "value for money" auditing, and is designed to bring to light wasteful, extravagent or unrewarding expenditure. The approach is widened in some cases to assess how successful programmes or projects have been in meeting policy objectives, and whether they were cost effective.

Sir Douglas Henley, Comptroller and Auditor General: a fresh look at his department's work.

The big question which remains to be resolved is the balance which must be struck between the financial/regulatory audit and value-for-money auditing. The latter is obviously the most attractive for E and AD staff, though by itself it does not satisfy all the legal audit requirements. It is also the area which appears to have most attraction for the Commons Public Accounts Committee, which works closely with the E and AD.

Professional accountants outside Whitehall who have come across the E and AD are apt to speak cynically about value-for-money auditing. They point to its staffing limitations, the fact that E and AD staff in general do not have professional qualifications, and ask how they can possibly be competent to judge efficiency when they are unable to carry out routine financial audits.

In fairness, there may be an element of professional jealousy in such comments. Professional accountants who find their services indispensible in the private sector are hardly likely to look favourably on the public sector where they have, to a large extent, been excluded.

However, it does seem odd that a department with responsibility for some 450 accounts, a large number of which come in the form of traditional company accounts, should have less than 20 qualified accountants on its staff.

The position is changing, however. Today, it is E and AD policy to recruit only graduates who are channelled into the training provisions of the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA is one of the country's six main professional accountancy bodies, with a membership largely in the local authority area.

In addition to this Sir Douglas Henley, the Comptroller and Auditor General, has become a member of the CIPFA council. He is an active advocate of closer links between the accountancy profession and the public audit service. The process may be further strengthened on his retirement, when some senior civil servants predict the first chartered accountant to become the senior public sector auditor will be appointed. A major problem which would have to be overcome before this could happen would be that of finding a suitable remuneration package in the civil service structure for a man who might well be earning in excess of £50,000 a year in private practice.

The E and AD's staffing problems can only be resolved satisfactorarily once its scope and functions have been determined. The accountancy bodies think that a move towards departmental reporting—whereby the success in achieving a policy is judged against the resources devoted to it—is an essential part of the reform process. They agree that the only way the House of Commons can effectively exercise its scrutiny functions is through select committees, such as the Public Accounts Committee. In order to make the greatest contribution to achieving value for money, the accountants say that parliamentary committees should concentrate more work on the evaluation of organisations and systems, rather than individual transactions.

Once this system is operating the accountancy bodies say that well-directed value-for-money auditing based on the management systems approach would help rationalise priorities and ensure that money spent on controls was directed at the highest priority risks.

The accountancy bodies doubt whether all the present forms of financial reporting within Whitehall are appropriate to the system they advocate. "In the case of some departments there will inevitably be a move towards accrual accounting and away from cash reporting, since cash does not provide an adequate measure of the resources actually used by management to achieve its objectives.

Simplicity the objective

"We can envisage forms of reporting where the choices made between capital and revenue expenditure and the consequent gains and penalties could be more clearly presented. The symptoms noted by the Expenditure Committee of accelerations or deferral of spending in the closing stages of the financial year might be removed if there were better measures of resource usage as distinct from resource acquisition."

The objective should be to make Government accounting as simple as possible, while conforming to the need to measure the utilisation of resources in management tasks. "As these evolutionary changes take place we would not expect the present cash reporting to disappear but we would expect it to become abbreviated and to lose much of the detail which is at present reported in a vain effort to remedy other overriding defects in the information available."

The accountancy bodies see systems-based auditing following naturally from a system of departmental reporting. This can be the case, they argue, with value-for-money audits as well as financial-regulatory audits. Responding to suggestions from within the E and AD that value-for-money auditing cannot be systematised, but is dependent on a mixture of training, experience and flair, they say: "While there is undoubtedly some truth in this, we believe that value-for-money audit can be systematised to a greater degree than has so far been acknowledged.

"In value-for-money audit the responsibility of the auditor is to identify those respects in which management should be using systems and controls to satisfy itself that it is delivering value for money. The auditor should draw attention to the omissions. The auditor should not feel restrained from drawing attention to weaknesses, defects and omissions simply because they have not so far led to serious loss.

"If he can identify risks to the enterprise which exist because of missing controls, he might put management on notice of a dozen unlatched stable doors rather than report one bolted horse."

Reading between the lines, the accountancy bodies seem to be saying that given a sensible reporting system, sensible auditing—not all that different from what the big accounting firms purport to have been doing in the private sector for many years — should automatically slip into place. Certainly, the division between financial/regulatory auditing and value-for-money auditing would be far less apparent.

Of course, the private sector accountants are not entirely motivated by the public interest in calling for such wide-ranging reforms in public sector accounting and auditing. Towards the end of the lengthy paper released yesterday there is a sentence which reads: "We also believe that more could be achieved if the E and AD were occasionally to operate in conjunction with professional firms who have some of the capabilities required. . . ."

MEN AND MATTERS

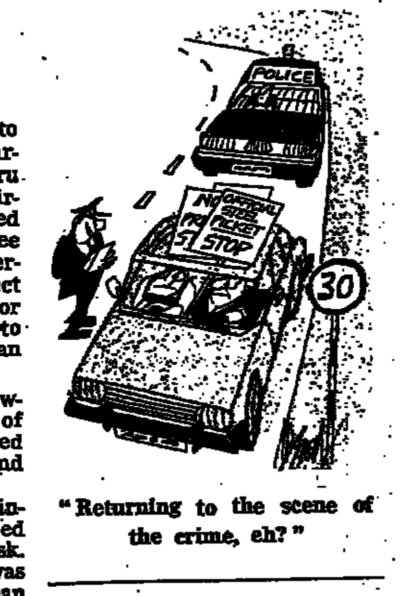
Budd blossoms at the viva

Is Edward Du Cann trying to establish a new fashion in Parliamentary procedures for guru selection? In his role as chairman of that newly constituted mongrel, the Select Committee on the Treasury and Civil Service, du Cann chose to subject the distinguished candidates for the post of economic adviser to an examination consisting of an essay followed by a *viva*.

At least one of the acknowledged economic brains of Britain apparently considered this style a little *infra dig* and kept out of the running.

Of those who braved the inquisition, the committee decided to select three to share the task. While the final selection was being made yesterday, I can reveal that Alan Budd, 42, who runs the Centre for Economic Forecasting at the London Business School, passed with colours flying.

Apart from having experience in the Treasury on his side, Budd also helped his case by actually making the committee laugh. Not to be intimidated by the somewhat eccentric selection procedures, I hear he told the committee at the start of his *viva* that he did not take the interview altogether seriously: "It's not as though I am here entering for the Miss World contest."



"Returning to the scene of the crime, eh?"

Tugs of love

Two painstakingly restored wartime steam tugs, the last to see service in Britain, are almost certainly sailing to Holland at the end of this week to be melted down for scrap.

Their owner is Michael List Brain, proprietor of International Towing. He and his former partner, Martin Stevens, originally bought four steam tugs to preserve them; List Brain subsequently formed his own company to operate two of them commercially. "Steam," he says simply, "has become uneconomic." The tugs use two and-a half or three times as much fuel oil as diesel tugs. We were able to make them economically viable longer than most. But oil prices in the past year alone have risen by 100 per cent."

An expert at the National Maritime Museum at Greenwich says very few of the Empire class tugs—once used to escort Atlantic convoys—are left, though "one or two" are still in use in the Middle East and the Mediterranean.

For List Brain, scrapping the two tugs, the Cervia and the Goliath, at least represents "a clean end" which is preferable to seeing them rot in the hands of a progresssively more bankrupt enthusiast.

Stevens, meanwhile, an engaging man who sells chainsaws when not mending his tugs, has been desperately trying to arouse interest in the Cervia and Goliath before they are turned into washing machines: "I just like them as objects. There won't be anything like them in the future; people should see what things were like." He feels that if only the tugs can be reprieved for a while they will find a space in one or other of the schemes for London's Dockland.

Coming up for air

Civil servants seem to be supplying ammunition to their own worst enemies in the latest issue of State Service, Journal of the Institution of Professional Civil Servants. "Messengers," I read "have four times the risk of premature death of administrators, clerical officers three times and executive officers twice. The differences persist even when allowing for different smoking habits, blood pressure, blood glucose levels, and height (messengers are on average two inches shorter than administrators). Obviously further research is necessary . . ." Obviously meanwhile the best advice for any of the undersized neurotics scurrying around Whitehall would seem to be to secure promotion as fast as possible.

Cracking the whip

The delicate flower of democracy which has been blooming in Spain since Franco's death is not being nurtured as it perhaps deserves by the new parliament. Persistent absenteeism has infuriated the ruling Union de Centra Democratico of Adolfo Suarez, which has seen all its threats of discipline ignored.

My man on the spot tells me parliamentarians are finding it difficult to break the Spanish habit of starting the weekend on Thursday; his investigations have also revealed that many deputies are so unused to the new system of Government that they often do not appreciate the importance of voting.

In future MPs missing a vote will be shown the cautionary yellow card. The next time they will be fined between £66 and £133 depending on the importance of the issue—and referee Suarez warns that persistent offence will earn absentees a sight of his red card and possible expulsion from the house.

Still sparking

After a quarter of a century in Britain, Steven Gortvay, Hungarian-born chairman of Smiths Industries' spark plug division, still finds the English language hard on the larynx. Now 72 and still working, he tells me that his chairman told him: "Don't lose your accent, it's part of your sex appeal."

It is an injunction he finds easy enough to obey. "My German is better," he says, admitting that some of his international deals have been conducted in that language. He is currently celebrating a £4m contract with China under which the People's Republic will gain machinery and know-how enough to double its output of spark plugs.

Now fate has laid before him a profoundly ironic prospect which could raise the tally higher still. Having established a spark plug factory in his native Hungary in 1931, he saw it snatched away from him without compensation during the 1956 invasion by Russia. Dispossessed and unpopular with the new regime, he came to Britain. He experienced a curious mixture of emotions when the managers of his old factory recently contacted Smiths, inquiring tentatively about assistance with updating and expansion.

Square one

A reader in Croydon who spent two years persuading his "fairly timid" wife to learn to drive recently succeeded in getting her to the point of applying for a licence. Yesterday it arrived A kidney donor card was thoughtfully enclosed in the envelope.

Observer

Centre-Right rule in Portugal: By JIMMY BURNS, Lisbon Correspondent

A revolution goes into reverse

THE PORTUGUESE Government is engaged in a race against time. Sr. Francisco Sa Carneiro, right of centre Prime Minister and head of the Democratic Alliance (embracing Social Democrats, Christian Democrats, Monarchists and a few former Socialists), has submitted a programme that looks more pragmatic than the manifesto on which the Alliance won the elections on December 2. But the Government only has until October to convince the electorate that it is on the right path.

Then the Chamber of Deputies must be dissolved to be replaced by another elected for a full four-year term and with powers to amend the socialist-oriented constitution. Time, therefore, is short, but in the habitual Portuguese manner progress so far has been slow. President Antonio Ramalho Eanes, no friend of the Democratic Alliance, took almost a month to appoint Sr. Sa Carneiro.

The leader of the Democratic Alliance then took another week to appoint his cabinet and present his programme to Parliament for discussion.

In contrast with those of his predecessors, Dr. Sa Carneiro's programe is short and to the point. Its pragmatic approach has much in common with the technocrat non-party Governments that have ruled Portugal for more than two years. It is altogether less ambitious than the Democratic Alliance manifesto and more convincing, since it appears to work within the obvious limitations of the Constitution.

The Government's freedom of action in certain areas is restricted by the Constitution. The programme talks of opening up the economy to the private sector, but does not mention denationalisation. On the politically controversial subject of the decollectivisation of farming, the programme is distinctly reticent. It simply places agrarian reform within the wider context of technological advance and agricultural self-sufficiency. Indeed the common thread running through the speeches of Dr. Sa Carneiro and his ministers, since taking office, has been the emphasis on consensus politics rather than confrontation.

In practice this led on the eve of the Parliamentary debate to an unprecedented meeting between the Government and opposition parties to discuss the major outlines of the programme.

There are two not unrelated reasons for this kid glove approach. First, the leadership of the Democratic Alliance believes that its support is based not merely on a hard core of right wing "revanchists," but more generally on a wide section of a largely apolitical population which was fed up with the political instability and economic uncertainties wrought by the revolution.

These economic problems would not be solved were the Government to devote itself during the next ten months to a dramatic roll back of many of the political and economic changes, with all their contradictions, made since the revolution.

Second, President Eanes, the Socialist Party, the Communist-dominated trade union movement, and military officers within the Council of the Revolution are among those who are committed to a staunch defence of the constitution. Even the strong willed Dr. Sa Carneiro is aware that a six seat majority in a 250 seat Parliament is not enough to take them all on, at least not for the time being.

The Government's problems do not end there. Paradoxically the mood for change is perhaps now as strong in Portugal as the mood for stability. Dr. Sa Carneiro knows that were he to offer no more than ineffectual Government he would almost certainly be out of office next October.

The Government, in the short period that it has been in office, has, however, made a stand on a number of issues on which the Democratic Alliance fought the election. The most important of these has been the subject of the presidency and particularly the definition of its powers vis-a-vis the Government. While he was in opposition, Dr. Sa Carneiro was always extremely critical of President Eanes' involvement in foreign policy. Dr. Sa Carneiro claimed, not without some justification, that the President's habit of sending "presidential envoys" on high priority diplomatic missions undermined the powers of the Government and in particular those of the Foreign Ministry. Insult was added to injury, or so it seemed to Dr. Sa Carneiro, because these envoys spent their time not with NATO and the EEC but rather exchanging messages of goodwill with the Marxist rulers of Portugal's former colonies.

From the moment he became Prime Minister, Dr. Sa Carneiro has made it clear that his Government intends to take command of foreign policy according to its own list of priorities. On the question of Afghanistan, his Foreign Minister and Deputy Prime Minister, Sr. Diogo Freitas do Amaral, has been particularly forceful. Portugal was one of the first countries to react to the invasion by recalling its ambassador to Moscow and threatening to re-examine all political and trade links with the Soviet bloc.

The Government has also confronted the President on the question of ambassadorial appointments. It has for instance refused to allow Sra. Maria de Lourdes Pintasilgo, the former caretaker Prime Minister and presidential protege, to return to her post in Paris as Portugal's representative to UNESCO. The Democratic Alliance regards her outspoken defence of non-alignment and commitment to a vague form of Third World socialism as incompatible with NATO and future membership of the EEC.

Premier Sa Carneiro
Nine months to make his mark

Sra. de Lourdes Pintasilgo
She fell foul of the Government

In economic matters the Government has also assumed a certain crusading spirit. In presenting his economic programme last week, the Finance Minister, Sr. Anibal Cavaco Silva, forecast a cut in the inflation rate this year from 24 per cent to 20 per cent and a growth rate of around 4.5 per cent, almost double last year's. "This Government accepts the challenge of expanding the economy and reducing inflation" he said. "This Government is determined to prove wrong the forecast of the OECD which in its report (on Portugal) in November forecast that growth would be slower than last year and that inflation would accelerate."

Sr. Cavaco Silva's opinion is that Portugal's much improved balance of payments position and the country's impending membership of the European Community calls for a more expansionary policy. According to provisional figures, Portugal for the first time in more than five years recorded a surplus in the current account in 1979 of $100m largely on account of a huge increase in immigrant remittances and tourist receipts. Capital movements have also evolved favourably during the past year. Net inflows of medium and long-term private capital were brought about by a slight increase of financial borrowing and a marked slowdown of debt redemptions. Thus 1979 recorded an overall payments surplus of $1bn.

Yet Sr. Cavaco Silva believes that the great failure of economic policy over the past 12 months is the fact that this spectacular improvement in the country's external position has taken place at the cost of a major domestic recession, which has left Portugal ill-prepared to face the changes demanded by the EEC. Thus Portugal in 1979 saw a fall of real wages for the third consecutive year, sustained the highest level of unemployment in Europe, a virtual stagnation in private consumption, and a 1 per cent drop in overall investment.

The Government has blamed this largely on structural weakness inherited from the revolution and is therefore committed to a liberal market economy. To stimulate investment the programme proposes to legislate in a number of key areas over the next few months. The Government hopes that it will go a long way towards satisfying employers if it liberalises the present financial system. Thus private banks and insurance companies—at present banned—will be able to operate while nationalised banks and financial institutions already in existence will be encouraged to lend to the private sector at more favourable terms. (The Constitution forbids denationalisation, but says nothing preventing the opening of private businesses in sectors nominally nationalised.) The Government also intends to speed up compensation for companies nationalised since the revolution.

A further change is expected to come in present labour legislation which has always been severely criticised by the employers' federations. Nevertheless, the introduction of any new law giving greater freedom to hire and fire workers would run the risk of meeting with the stiff resistance of the unions and of aggravating unemployment. For both these reasons, the Government may act cautiously at least until after the election.

The main weapon for controlling inflation will be budgetary discipline. The Government has committed itself to cut public-sector spending (exactly by how much we shall only know once the 1980 budget is announced in March). As in neighbouring Spain, the steep rise of the public-sector deficit has been one of the inevitable results of the advent of democracy at a time of recession. General government spending expressed as a share of GDP, which in 1973 stood at 22.7 per cent, has doubled in five years.

Two of the major burdens on public spending are the inflated civil service and the state-controlled companies. The number of civil servants has risen sharply since the revolution and now stands at about 380,000, around 10 per cent of the labour force. A number of nationalised companies, particularly in the transport sector, have experienced severe financial difficulties in recent years as a result of the high cost of money and depressed demand. Sr. Cavaco Silva estimates that excluding direct state subsidies the accumulated deficit of a total of 23 public enterprises between 1974-79 is nearly Es 33bn (£290m).

By cutting public spending the Government hopes not only to ease inflationary pressures but also to make more credit available to the private sector.

In presenting the broad outlines of his government's economic policy Sr. Cavaco Silva did not hide the risks involved. A number of the measures could backfire. For instance, the Government intends to raise interest rates on the bonds given to those whose industries were nationalised and to allow them to be properly discounted by the banks to make available funds for investment. But the release of funds so generated could be inflationary.

Second, the push for higher growth will worsen the balance of payments. Sr. Cavaco Silva last week forecast that Portugal's oil import bill would double in 1980 to $2.4bn and that domestic energy prices would have to be adapted accordingly. Moreover, given that nearly 80 per cent of Portuguese exports go to OECD countries, the generally depressed international outlook for this year is bound to harm Portugal's trade balance.

In the past, Portuguese Governments have been able to use the IMF as a convenient whipping boy which could be blamed for the austerity imposed on the population as whole. The Sa Carneiro administration has for this year at least preferred to go it alone without any formal commitment to a new agreement with the fund. It is a major political and economic gamble which could have serious repercussions were it to fail before next October's general election.

Letters to the Editor

UK hotel prices

From the Chairman, Hotel Bookings International

Sir,—I read the "Living cost guide" (January 26), which your paper researched and published, with mixed feelings. Paradoxically while it was pleasant to see in print a definite survey confirming what I have been saying privately and publicly for over a year, it is disappointing to discover that my worst fears have been confirmed.

The information you have published is more worrying than the survey perhaps indicates at first sight. All hotel tariffs tend to rise at the same rate, consequently the fact that British first class are now the most expensive in the world is true for hotels of all grades. As a result this country's tourist trade will suffer a more severe setback during 1980 than that which was experienced in 1979.

There is in addition an underlying problem which your survey does not say anything about but which damages yet further our hotel and tourist industries.

Currently a large proportion of hotels in the UK are publishing a tariff yet at the same time discounting by up to 50 per cent. This underlying malaise demonstrates that the UK hotel industry while being recognised publicly as the most expensive in the world is in reality selling itself short.

Only concerted agreement now by leading hotels could rectify this damaging situation and I call on the major hoteliers to take a lead, take action and publish realistic rates which will create a more favourable image to industry and encourage the tourists which this country badly needs.

Maurice E. Segal.
Globegate House,
Pound Lane NW10.

Trade in textiles

From the Information Officer World Development Movement

Sir,—Mr. Wheatley's formula (January 11) for stepping up protectionism against imports from lower cost countries is both ill-founded and short-sighted. He assumes that Third World producers are the main cause for the problem facing the UK textile industry. This is not so. Industrialised countries still account for the bulk of textile imports into the UK—81 per cent for textiles and 45 per cent ... clothing in 1978.

Their share of the UK market is increasing at the expense of Third World imports. Restrictions on imports from Third World producers have diverted trade to the U.S. and other EEC countries rather than to the UK textile industry. The 4.5 per cent drop in Third World textile and clothing imports into the UK in 1978 was made up by a similar increase in imports from industrialised countries.

Something is wrong then with the UK's competitiveness. The latest NEDO report for the knitting industry established that there was considerable scope for improving productivity in this sector, and that moving up into more sophisticated goods was a must.

Therefore, further discrimination against Third World producers will not solve the problem. It will only slo wdown the ... industry's adjustment to a changing international environment, and will result in long-term losses to the whole economy through keeping resources locked in uncompetitive industries. Inflation will be spurred and consumers' choice will be narrowed. This is already happening.

Moreover, if specialisation is one of the benefits of trade, it is the overall balance of trade that counts. Britain actually runs an overall trade surplus in manufactured goods with Third World countries—£6.1bn in 1978. About a third of Britain's manufactured exports go to developing countries. Jobs lost in one sector are recouped in another as a 1978 Government study on the impact of the newly industrialising countries (NICS) showed.

The Organisation for Economic Co-operation and Development has estimated that by maintaining their trade in manufactured goods with the NICS alone the industrialised countries have gained, on average, 900,000 jobs a year from 1973 to 1977. Therefore, it would be Britain's more competitive industries that would lose out with Mr. Wheatley's "fair trade" protectionism.

It is also open to question whether protection would save jobs. If Britain is to compete in other EEC markets, it will only do so by modernising its industries. Already 144,000 textile and clothing workers have lost their jobs because of productivity changes between 1970 and 1975, compared to only 36,000 that did so because of imports from the newly-industrialising countries. What is needed, therefore, is a fresh approach that includes moving out of uncompetitive sectors, as other EEC countries are doing, and complementing this with job creation and job sharing measures.

If Mr. Wheatley's "fair trade" scheme were to be applied, Britain could be accused by other western industrialised countries of unfair trade. French labour costs in the textile industry are between 10 per cent and 20 per cent higher than in the UK; Italian labour costs are 42 per cent higher, and German, Belgian and Dutch costs are more than double.

Maria Elena Hurtado.
Bedford Chambers,
Covent Garden WC2.

Citizen's band radio

From Mr. D. Ewart-James

Sir,—Following the recent correspondence in your columns regarding citizen's band radio, I am writing to make a plea on behalf of the users of radio control equipment.

There are over 100,000 licensed users of model radio control equipment who are increasingly suffering interference from the illegal transmission from citizen's band radio. Although it is at present illegal to use CB equipment in this country, it is not illegal to import and sell it and large amounts of imported equipment is coming into the country tuned to the band allocated for radio control. The use of this equipment is increasingly causing damage and loss to expensive models and will undoubtedly soon lead to serious injury and even fatality.

Whatever the Government decides to do in regard to CB equipment it must ensure that radio control users have a band allocated for their sole use and that it is illegal to manufacture or sell any other equipment capable of transmitting on that band.

D. O. Ewart-James.
41, Bishopsgate, EC2.

Where wealth lies

From Mr. C. Dauris

Sir,—I share Mr. E. R. Kermode's concern (January 17) over the continued repetition of seriously misleading figures relating to the ownership of wealth in this country. The reason for the use of footnotes about which he complains is of course that the basic figures are derived by the Inland Revenue from probate records.

An estimate by the Government Actuary's department helps towards a correct assessment of wealth distribution. In 1975 the aggregate value of occupational pension rights in Britain was about £42bn. The accrued rights to state pensions were on average £2,955 per man and £4,494 per woman. By the inclusion of these two factors with the Inland Revenue figures for 1975 the estimated share of the wealthiest 1 per cent of the population is reduced from 23.2 per cent to 13.9 per cent, of the wealthiest 5 per cent from 46.5 per cent to 28.8 per cent, and the wealthiest 20 per cent from 81.8 per cent to 53.8 per cent.

This by no means completes the picture. If allowance is made, among other things, for the omission from probate records of all estates under £1,500, for contingent rights to income other than pension rights, and for such considerable assets as housing subsidies, people may be surprised at how evenly privately-owned wealth is spread.

One would need to be quite extraordinarily simple to expect every adult to have assets of the same or even similar total value. People aged 65 will have more than those of 15, some people are more thrifty than others by nature, some receive above average incomes or have below average financial responsibilities. Given the infinite variations, it is remarkable that about a tenth of privately held assets are held by as many as one in a hundred of the population.

Colin Dauris
Goodalls,
Middle Street,
Nazeing, Essex

Energy requirements in Northern Ireland

From the Engineer and Manager, North Down Borough Council.

Sir, — I quote Mr. David Howell, MP, Energy Secretary, (January 16 in Parliament): "Artificially low prices helped gas users at the expense of the rest of the population. The difference between the Government's price rise and the lower increase which British Gas wanted would mean an extra £200-£300m for the Corporation in the next financial year."

What is the corporation to do with this extra revenue? I suspect the money will be used to help finance new fossil-fuel-burning power stations and thus encourage more waste of precious resources by electricity generation.

Northern Ireland has tried for four or five years to obtain the economic and domestic benefits of natural gas the same as anywhere else in the UK and has finally been told that we cannot have natural gas. We must use more electricity instead.

What a terrible indictment of any Government that one of the most depressed regions of the UK has to suffer the dearest energy sources and a lack of political will to do anything about living standards.

It really must be terrible for the average domestic consumer on the UK mainland to suffer an increase in the average cost of gas from 18.5p per therm to nearer 25.0p per therm and an increase in their annual fuel bill from £105 to £150! They should come over to Northern Ireland for a comparison. The average price here varies from 50p to 70p per therm, and the British Gas average annual domestic usage of 560 therms would then be £280 to £395. Food for thought, don't you agree? It's little wonder that Northern Ireland wanted a supply of natural gas as a matter of urgency, to the benefit of everyone here.

A fourfold increase from 2p per therm to 8p per therm in the field purchase price of natural gas is still a considerable reduction in the manufactured plant price of gas in Northern Ireland of 35p to 40p per therm before distribution. So even at, say, 12p per therm for "Frigg" gas supplies from the northern North Sea, over the next four years, Northern Ireland could still enjoy the benefits.

When natural gas reserves are prospected for in the Rockall area of western Scotland, a main feeder route could already be partly in place now, running down through Northern Ireland and across to, say, Moffatt in Scotland. In the meantime this supply main could act in the opposite direction and supply natural gas to Northern Ireland from Scotland.

Given that Northern Ireland is going to have fossil-fuel power stations for a considerable period of time to come, energy conservation means nothing whatsoever to Government here in Northern Ireland.

The gas industry and other parties in Northern Ireland tried various ways of getting gas brought from Scotland, but to no avail. When they asked for a small subsidy on the price of gas in Great Britain until natural gas was available in Northern Ireland, and we would then have paid an additional charge per therm to recover the subsidy, nobody wanted to listen.

Now you have the 29 per cent increase on British gas prices giving the extra £200m-£300m profit. Northern Ireland was only asking for a miserable £30m to carry on with natural gas, i.e. 0.2p per therm on gas prices in Great Britain.

Even more unfortunate is the fact that British Gas, for operational reasons in the years between 1975 and 1978 supplied 2.37bn therms of natural gas to various power stations in Britain. These power stations lost around 1.6bn therms of gas as waste heat, to the value of £90m. So in these four years enough money was wasted which could have provided the finance to bring a pipe to Northern Ireland and also provide enough gas to give us a 50 year supply at our present consumption rate.

I trust my comments are food for thought to all those "hard pressed" Gas Consumers in Great Britain.

T. C. Kyle.
Gas Offices,
North Down Borough Council,
Bangor, Co. Down.

Today's Events

GENERAL

UK: TUC employment policy and organisation committee sees Mr. William Whitelaw, Home Secretary, on public order issues.

Mr. Francesco Cossiga, Italian Prime Minister, meets Mrs. Margaret Thatcher in London for talks on bilateral trade, EEC, and other international matters (to January 30).

Association of Metropolitan Authorities meets Mr. Michael Heseltine, Environment Secretary, to discuss block grant system.

Iron and Steel Trades Confederation executive meets to discuss Appeal Court judgment against private sector strike.

Gatwick Airport proposed second terminal public planning inquiry opens.

Lord Carrington, Foreign Secretary, Sir Peter Gadesden, Lord Mayor of London, and Mr. Harold Macmillan, speak at Australia Day Menzies memorial dinner, London.

Mr. Hamish Gray, Energy Minister, meets Mr. Morais, Angolan Minister for Oil, Lancaster House, London.

Mr. Ian Smart, energy consultant, speaks on international nuclear energy relations in the 1980s, Royal Institute of International Affairs.

Airedale trunk road inquiry resumes, Shipley.

British Agriculture Export Council statement on exporting to China.

Overseas: EEC Fisheries Council meets, Brussels.

Mr. Kurt Waldheim, UN Secretary General, starts three-day visit to Bangaldesh.

UK motor industry delegation meets Japanese counterparts to discuss exports to the UK, Acapulco, Mexico.

PARLIAMENTARY BUSINESS

House of Commons: Supply day debate on gas prices until 7 pm. Guillotine motion on Education (No. 2) Bill. Residential Homes Bill (Lords), second reading. Various consolidation measures. Motion on Income Tax (Excess Interest as Distributions) Order.

House of Lords: Reserve Forces Bill, third reading. Criminal Justice (Scotland) Bill, committee.

COMPANY MEETING

Davenports Brewery, Chamber of Commerce, Harborne Road, Birmingham, 12.15.

COMPANY RESULTS

Final dividends: I.D.C. Group. Prestige Group. Trident Television. Vantage Securities. **Interim dividends:** ... Christie-Tyler. Henderson-Kenton. Rosgill Holdings. A. J. Worthington Holdings. **Interim figures:** Grimshaw Holdings.

UK COMPANY NEWS

Brentnall doubles loss: omits final dividend

INCLUDING exceptional debits of £327,000 for the period and associates' losses of £146,000 against £30,000 profit, **Brentnall Beard (Holdings)**, insurance broker, more than doubled its *pre-tax loss from £526,000 to* £1.2m, for the year ended September 30, 1979. Turnover dropped by £2m to £2.51m.

And, like the interim, the final dividend is being passed—last year a 0.572p interim was paid.

The directors blame a general recession in the worldwide insurance industry as the main reason for the results, as well as very poor trading conditions in Canada, *where losses were* incurred in all the associates, and the escalating costs in most areas of the group.

Action has been taken to substantially reduce costs and a significant improvement is expected in results for the current year.

	1978-79	1977-78
	£	£
Turnover	2,509,000	4,506,000
Loss from optns.	728,772	556,271
Exceptional debit	327,076	—
Associates' losses	146,190	*30,083
Pre-tax loss	1,202,039	526,188
Tax credit	280,326	†12,622
Net loss	921,713	538,810
Minority profits	519	‡18,160
Extraordinary credit	474,384	217,572
Attributable loss	447,843	302,957
Dividends	—	43,469
From reserves	477,342	346,426

* Profits. † Charge. ‡ Losses

There was a tax credit of £280,000 (£13,000 charge) for the year and an extraordinary credit of £474,384 compared with £217,673. Loss per 10p share is given as 11.91p (6.85p).

At halfway the directors reported a loss of £607,00 £233,000 profit).

The continuing inquiry by the Committee of Lloyds of London with the affairs of Lloyd's Syndicate 762, *and the publicity it has* attracted, has seriously affected the group's ability to obtain new business, particularly in Canada and the U.S., the directors state.

● comment

Losses before tax of £1.2m look daunting enough at **Brentnall Beard**. After all the group's stockmarket value is only £932,000. The picture has been somewhat transformed at the attributable level where a taxation recovery, and net proceeds from a sale of its UK provincial businesses during the year to Hogg Robinson have helped reduce the losses to £447,848. But group reserves already took a hefty knock in 1978 when attributable losses of £346,426, after a small dividend payout, reduced reserves from £1.32m to £969,266, so the balance sheet for the year ending in September 1979 is likely to be studied with some interest by shareholders. On the trading front the outlook is uninspiring. Intense competition and poor trading conditions in Canada have caused losses. Brentnall's goodwill has suffered from the continuing Lloyd's inquiry. And costs have been rising. Cost controls have been implemented and the group should have some of the pressures eased on this front by the loss of a fair chunk of its work force in the Hogg Robinson sale.

United British advances

NET REVENUE of **United British Securities Trust advanced** from £1.09m to £1.91m in the six months to December 31, 1979, after tax of £1m, against £0.65m.

Gross income increased from £1.81m to £2.99m, and includes £0.62m this time for dividends received from Shell and Unilever.

Expenses took £76,103, compared with £64,923. Debenture interest was unchanged at £4,500.

Net asset value per 25p share amounted to 160.7p, after deducting prior charges at par. This compares with 171.3p last time, based on assets including £7.88m investment currency premium which no longer exists.

The net interim dividend is being raised from 1.4p to 2.25p, as announced in December. The directors said then that they expected to recommend a second interim of not less than the 3.7p paid last time.

Net profits totalled £2.28m (£1.99m) for 1978-79.

HIGHLIGHTS

Lex considers the trend of U.S. interest rates in the light of the *Budget statement* and the current political expectations. World oil demand appears to have stabilised recently, leading to a softening of spot prices although, paradoxically, Saudi Arabia raised its official prices yesterday. Lex considers the implications for oil company profits. Finally Lex looks at the renewed signs of a price war in food retailing which emerged in the statement from Asda. On the inside pages the increased losses from **Brentnall Beard** come in for comment and the lower profits from **Braid** or considered.

Braid profit shows downturn to £0.75m

SECOND-HALF profits of **Braid Group** showed an improvement over the first six months, as forecast. But the taxable surplus for the year to September 30, 1979, fell from £870,820 to £746,160. This includes an exceptional credit of £150,695, being provision for property repairs no longer required.

At midway, taxable profits were lower at £275,153 (£339,246), but the directors expected that the second half would yield a much improved pre-tax surplus.

Full-year turnover of the *vehicle distributor and retailer* increased from £30.88m to £41.24m. Tax took £36,341 (£35,145)—SSAP 15 has been adopted and comparisons restated.

The net total dividend is raised from 1.5384p to 1.76788p, with a final of 1.21288p. Stated earnings per 5p share are down *from 13.81p to 11.71p.*

There is an extraordinary credit of £878 (£9,365), being the surplus on redemption of debenture stock. Retained *balance* came though at £597,624, compared with £745,736.

● comment

The figures from Braid added another chapter to the recent catalogue of disappointments from the motor distributors. *Excluding the substantial* exceptional item and a net contribution of £40,000 from the Craners acquisition, profits have been almost halved in the second half. The *puzzling feature* is that sales over the period are up by 47 per cent which, even allowing for Craners, suggests volume growth against the falling trend of Vauxhall's market share. The explanation is partly that small cars like the Chevette, which *offer low margins, have been in* ample supply while there have been shortages of potentially lucrative models like the Cavalier. The supply position *has now much improved,* however, and Vauxhall could finish the year with almost double its present market share of six per cent. There will be no bonanza credits this year, however, and the balance sheet is not in perfect shape so the historic *p/e* of 2.7 at 32½p is not unrealistically low. Furthermore, the yield of 8.1 per cent is no great attraction and, with a cover *of over six times, it could* have been improved.

Kellock up sharply to £150,000

AS FORECAST at the interim stage, materially higher profits *and an unchanged dividend are* reported by **Kellock Holdings**, the investment holding company, for 1979.

Following the slight fall in *first-half profits from £69,114 to* £67,040, the company ended the year with pre-tax surplus more than doubled at £150,015 (£70,650). Turnover rose nearly 50 per cent from £22.7m to £33.7m.

In order to enable the company's capital base to be built up further, the year's dividend is held at 0.5p net, from stated earnings of 5.5p (2.54p) per 10p share.

There was a tax credit of £42 (£1,591), but after an extraordinary debit of £114,488 (£989), the company emerged with a surplus *down from £53,217 to £31,435.*

Ellis & Everard jumps: similar second half increase unlikely

PRE-TAX profits of **Ellis and Everard**, *industrial chemicals* distributor, advanced 53 per cent to £835,000 in the half-year to October 31, 1979, on turnover some 32 per cent higher at £13.96m.

The results are in line with the hopes expressed by Mr. Anthony Everard, chairman, at the annual meeting last October.

He now says he is confident that the full-year outcome will *show a satisfactory increase* over the £968,000 for 1978-79. However, second-half profits are unlikely to be as high as those in the first six months.

The economy is stagnant and compared with the first half there are fewer working days available in which to make sales, he adds. Margins are under *some pressure, and the recently* formed swimming pool division operates in a very seasonal market.

Most of the first-half profit was attributable to the chemical division, although the swimming pool division, now trading under the name of Capital Leisure, made a small contribution.

Chemical sales were 28 per cent higher at £13.56m. Swim*ming pool sales totalled £401,000,* with no comparative figures.

After tax of £400,000 (£288,000), stated earnings per *25p share are up from 3.9p to* 6.5p. The net interim dividend is raised from 2.25p to 2.5p—last year's total was 5.75p.

Taxable profits were struck after increased *interest* charges of £146,000, compared with £81,000.

	Six months 1979	Six months 1978
	£000	£000
Turnover	13,963	10,595
Chemical	13,562	10,595
Swimming pool	401	—
Profit	981	627
Interest	146	81
Profit before tax	835	546
Tax	400	288
Net profit	435	258
Extraord. credit	—	6
Attributable	435	264

● comment

Given the buoyancy of Ellis and *Everard's statement* at the annual meeting last October, the strength of the first-half sales upturn should come as little surprise. Encouragingly, the group *also* achieved a useful margins improvement and the shares climbed 12p yesterday to 134p on the back of the 53 per cent pre-tax profit advance. From now on, however, the outlook is rather more flat. Volume, which *with a £700,000 first time turn*over contribution from Domestic Chemical, increased by perhaps a fifth in the first six months, is faltering and price increases will be harder to push through. Some pressure on margins is starting to develop but the group is still looking for year-on-year *sales growth of between 18 and* 20 per cent. That should be enough to confirm earlier outside estimates of £1.5m pre-tax where the fully taxed p/e would be *12.2*. The total dividend, assuming an increase of a tenth at the net level, yields a prospective 6.9 per cent. The share price looks about right on these projections but profits look set to break out of a disappointing *four-year plateau* and, with the sale of the building supplies division last August, the benefits of a dominant position in small lot chemicals distribution *should be coming through with* increasing strength.

NAME CHANGE AT GASKELL (BACUP)

Proposed internal reorganisation by **Gaskell and Company (Bacup)** will result in the parent company becoming a holding *company and its name being* changed to Gaskell Broadloom Limited.

Cantors interim profits halved to £155,000

FOLLOWING a record £644,000 *for the whole of the previous* year, pre-tax surplus of Cantors, house furnishings, carpets and bedding retailer, more than halved from £341,000 to £155,000 *for the six months ended* October 27, 1979.

Results were affected by the VAT increase, and the rise in operating costs more than offset any benefit from the higher turnover—up from £8.15m to £9.04m in the half-year.

The directors say that while the second half will be adversely affected by the present strikes, it is impossible to say to what *extent. Expenses are being* rigidly controlled, but the company is in a position to meet the hoped-for upsurge in demand, they state.

Pre-tax figure was struck after interest of £149,000 (£121,000) and depreciation £172,000 against £158,000, and was subject to tax of £20,000 (£22,000).

Earnings per 20p share are shown as 1.94p (4.65p) but the interim *dividend* is maintained at 0.825p net—last year's final was 1.475p.

Midland Trust ahead halfway

GROSS INCOME of the **Midland Trust** increased from £170,233 to £214,926 for the half year to *December 31, 1979, while pre-tax* revenue moved ahead from £163,725 to £207,036.

After tax of £62,107 (£53,288) net revenue rose by £34,492 to *£144,929.*

Stated earnings per 25p were 3.43p (2.61p) and the net interim dividend is stepped up from 2.01p to 2.45p—the previous year's total was 5.335p on £384,000 taxable revenue.

Stirling Knitting advances

ALTHOUGH TURNOVER was little changed at £4.94m, against £5m, taxable profits of **Stirling Knitting Group** advanced from £204,000 to £243,000 for the half-year to September 30, 1979.

Earnings per 20p share are stated up from *3.5p to 4.18p*, but the interim dividend is pegged at 0.35p net—last year's total was 0.75p on pre-tax profits of £305,870.

Tax for the half-year took £126,000 (£106,000) leaving net profits of the clothing and knitwear manufacturer ahead from £98,000 to £117,000.

Wearra makes a good start

The current year has started well at **Wearra Group**, footwear *manufacturer, and* Mr. A. J. Harris, chairman, tells members in his annual review that the group's strengthened position should enable it to take full *advantage of whatever opportunities prevailing* conditions allow.

He adds, however, that against the general economic background, he cannot look ahead with unqualified optimism.

As reported on December 18, *taxable* profits rose from £445,335 to £547,616 for the year ended September 30, 1979, and the dividend is lifted to 2.037p *(1.459p) with a final of 1.5p per* share.

A programme of shop improvement and upgrading of merchandise was undertaken by David *Scott Shops, during the year*—Wearra is changing its name to David Scott Group—resulting in a significant increase in turnover and profits.

"*I now look forward to some* expansion of our retail interests," Mr. Harris states. This will start with the opening of a David Scott shop in Cheltenham, next month.

Despite current difficulties in the supply of gas, the chairman *expects Grayhill Wescott, industrial* gas heating appliances company, to increase its contribution in the current year.

"The Board will continue to look for further suitable acquisitions," he says.

At balance date, group fixed assets stood at £1.23b (£1.08m), and net current assets were £2.07m (£1.88m). Bank overdrafts amounted to £286,737 against *£24,127.*

Meeting, Crick, Northamptonshire, March 21, at noon.

Associated Newspapers property value up 65%

THE BOOK value of Associated Newspapers Group properties has been pushed up 65 per cent to £67m by a revaluation surplus of over £26m.

This is revealed in the company's latest accounts in which *Lord Rothermere, the chairman,* says: "Against a relatively strong financial base the group continues to pursue the policy of reinforcing its investments in newspapers and undertaking a degree of investment in other projects which appear, on balance to have high earnings potential."

At September 30, 1979, ANG held cash and short term investments amounting to £15.03m, *against £18.28m* 18 months earlier, and borrowings were higher at £1.42m (£0.99m).

Taxable profit for the 18 months to the end of September *reached £39.97m (£15.46m previous* 12 months). Sales were ahead to £314m (£157m) with 76.6 per cent (75.6 per cent) coming from newspapers; 3.4 per *cent (3.6 per cent) from oil* interests and 20 per cent (20.8 per cent) from other activities.

Authorised capital spending at the balance date amounted to *£16.68m (£12.52m) of* which £3.78m (£1.18m) had been contracted.

The pay of the highest paid director soared from £46,740 to *£112,850 but the* chairman's emoluments were down at £33,705 (£37,844).

As reported with results on January 12 the net dividend for the period is 12.434p (5.811p).

Towards the end of September advertising volume in the group's provincial newspapers was showing a decline and there *could be a further falling off.* Even so cover prices are being held, for the time being, and circulations appear firm, the chairman states.

For most of the 1978-79 accounting period this advertising volume had shown upward trend and better *results* were attained despite rising costs.

Advertisement revenue was a record at the Daily Mail during the period and earnings were the highest rate seen since the switch to taboid format in 1971.

Improvements in the marketing of the Evening News are continuing steadily and the new colour supplement has been well received by both readers and advertisers, says Lord Rothermere.

Both newspapers suffered a little loss of production through industrial disputes but the manning reduction at the News was carried out with virtually no *disruption. Reorganisation* costs at the News of £4.37m is included in extraordinary items.

Lord Rothermere comments: "There should be no doubt that the general attitude to change in the national newspaper *industry will have to improve* considerably if long-term security of employment and improvement *in profitability* are to be achieved."

Weekend magazine remains the highest selling general interest colour magazine in the *country and The Field* and Golf Illustrated have both continued to develop successfully.

It was a successful year for Euromoney where readership topped 66,000.

Teledata, a new telephone information service, established in London by ANG, is in a development phase and when it has overcome *initial* difficulties would appear to have considerable potential, says Lord Rothermere.

On the property side reconstruction of offices at Stratton Street, W1, is planned for the end of 1980 and other sites in provincial areas can now be redeveloped following the relocation of printing facilities.

Meeting, Stationers' Hall Court, EC, February 18, at 10.30 am.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Braid	1.21	March 21	1.06	1.77	1.54
Cantors ......int.	0.83	May 1	0.83	—	2.8
Country and New Town Props....int.	0.2	April 15	0.2	—	0.65
Ellis and Everard ...int.	2.5	March 17	2.25	—	5.75
Hallite Hldgs. ......int.	2.5§	—	2.15	—	6.75
Kellock	0.5	April 8	0.5	0.5	0.5
Kuala Lumpur‡	015	March 31	0.13	0.25	0.2
Midland Trust ......int.	2.45	March 3	2.01	—	5.34
Neepsend ......int.	1.02	—	0.82	—	3.22
Stirling Knitting ...int.	*0.35*	*March 31*	0.35	—	0.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after *allowing for scrip* issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian dollars throughout. § Collected.

Neepsend surplus doubled to £808,000 in first six months

ON SALES well up at £17.4m against £11.5m, taxable profits of Neepsend, steel and steel products manufacturer, doubled from £396,000 to £808,000 for the *half year ended September 30,* 1979.

Mr. Stanley Speight, chairman, says the level of profitability achieved in the second half of the previous year—surplus for 1978-79 was £1.36m—has been broadly maintained.

Last September he had forecast an *improvement in results* for current year.

The company has felt the effects of the engineering dispute in the period, he now says. And, despite the steel industry situation, he is confident the level of *profitability* will be maintained in the second six months.

Pre-tax figure in the first half was struck after interest of £584,000 (£332,000) and subject to tax of £396,000, compared with £195,000.

Earnings are shown as 3.03p (1.48p) per 25p share and the interim dividend is 1.015p (0.82125p) net per share—last year's final payment was *2.30315p.*

Retained balance came through at £276,444 against £82,000.

JOHN LEWIS

The offers made on January 4 by the **John Lewis Partnership** for the 5 per cent first cumulative preference and 7 per cent cumulative preference stocks of **John Lewis and Co.** which it did not already own, have been made unconditional and will remain open until February 15.

Acceptances have been received as follows: for the 5 per cent stock, *£447,854 (39.8* per cent of the stock for which the offer was made), and for the 7 *per cent stock, £315,652 (48.2 per* cent).

Before the offer, John Lewis Partnership held £374,032 of the 5 per cent stock and £94,530 of *the 7 per cent stock.*

NBNA suffers heavy decline

National Bank of North America, NatWest's newly-acquired subsidiary, suffered a 3 per cent decline in 1979 pre-tax profits, *which emerge at £5.8m against* £13.13m. After a large tax credit the decline in attributable earnings is 8 per cent.

NatWest attributes the result to higher costs of funds and increased operating expenses, including higher payroll costs.

Total assets at December 31, 1979, rose to over $4.8bn from $4.4bn. Total loans rose 22 per cent to $3.1bn ($2.5bn), and every *division* of the bank contributed to the growth. Deposits increased to $3.6bn against $3.3bn.

The provision for loan losses *was reduced by $1m to $14m.* Net charge-offs decreased 39 per cent to $3.3m. As a result, the reserve for loan losses increased $5.7m to $28.6m.

ABBEY/T. HEADLEY

In a £280,000 cash deal, Abbey Homesteads (Group), the UK housebuilding, plant hire and industrial development subsidiary of Dublin-based Abbey, has acquired T. Headley, building contractor, of Ashford, Kent. The deal includes properties currently occupied by Headley.

"This move is part of our *plan to broaden the base of the* UK business, and takes us back into building contracting after several years' absence," says Mr. Raymond J. Davies, Abbey's *UK managing director.*

About half of Abbey's activity is in the UK. For the year ended April 30, 1979, pre-tax profits were £3.93m.

F & C Eurotrust raise multi currency loan

F and C Eurotrust has arranged a five-year multcurrency loan facility of £1m with Williams and Glyn's Bank.

It has been drawn down initially for a period of three months in the sums of FFr7m and Y130m.

ASSOC. BRITISH ENGINEERING

Acceptances received for the recent **Associated British Engineering** rights issue amounted to 84.7 per cent.

SPAIN

January 25	Price %	+ or —
Banco Bilbao	269	
Banco Central	226	
Banco Exterior	211	
Banco Hispano	210	
Banco Ind. Cat.	135	
Banco Madrid	175	
Banco Santander	246	
Banco Urquijo	150	−2
Banco Vizcaya	215	
Banco Zaragoza	200	−1
Dragados	101	−1
Espanola Zinc	80	+1
Fecsa	56.7	−0.3
Gal. Preciados	35	
Hidrola	62.5	−0.5
Iberduero	62	+0.5
Petroleos	115	−1
Petroliber	73	
Sogefisa	115	
Telefonica	58.5	
Union Elect.	62.7	−0.5

BIDS AND DEALS

Caparo paying £1.5m for Singlo Indian interests

Caparo Investments, the Indian-owned private concern, is to buy Singlo Holdings' Indian tea interests for £1.5m cash, after failing to acquire the entire company in 1977.

Caparo also announced yesterday that it had won control of Empire Plantations (of which Singlo is an asociate), which was also the subject of a fiercely contested bid from that company in 1977.

Caparo was originally attracted to Singlo by its tea interests and in March 1979, when Singlo moved into the discount food retailing business, Caparo disposed of its 26.2 per cent stake.

Singlo's 1978-79 profits dropped sharply from £905,000 to £95,000, partly reflecting a downturn by the Indian subsidiary which was hit by depressed tea prices. The realisation of this investment is expected to improve significantly the liquidity and UK earning capacity of the group.

The Indian tea interests of Singlo comprise its 73.3 per cent holding in Singlo (India) Tea Company, an Indian registered company, together with the unsecured loans, unremitted profits and dividends due from that company.

Singlo (India), which owns and manages four tea gardens in Assam, had a book value at March 31, 1979, of £804,059. Its profit before tax for 1978-79 was £367,068. No remittances have ben received since January 1979.

Singlo is being advised by Barclays Merchant Bank.

Caparo renewed its bid for Empire in December at 24p cash per share following purchases which took Caparo's stake to 43.48 per cent, making a bid obligatory under the rules of the Takeover Code.

Caparo yesterday announced an alternative to the cash offer, of 25p nominal of 9 per cent guaranted loan notes 1980, and is also offering 65p for each of the 5 per cent preference shares. The directors of Empire and Linkon (which has 10.6 per cent of Empire) are accepting the offer for 815,600 ordinary shares, giving Caparo 84 per cent of the voting capital.

TR makes first U.S. purchase

Telephone Rentals has acquired Communication Electronics Corporation, of Erie, Pennsylvania, its first U.S. purchase since the group set up in the U.S. in 1974.

CEC, which was formed in 197, also has branches in Pittsburg and Buffalo in New York and its activities are being operated by TR Services Inc., Telephone Rental's U.S. subsidiary.

This acquisition, together with the recent opening by TRS of a branch in Syracuse, NY, follows the group's policy of a gradual expansion of its operations beyond the Buffalo area where it has been marketing private business telephone and broadcasting systems since 194.

In 1978, the U.S. subsidiary made excellent progress. Mr. E. H. Cooper, chairman, reported that pre-tax profits were well above those of 1977 and were beginning to approach the required return on capital employed.

Group turnover in 1978 was £36.1m and trading profit £10.35m to which the North American operation contributed 2 per cent and 0.3 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Christie-Tyler, Henderson-Kenton, Rosgill, A. J. Worthington.

Finals—Glass Glover, I.D.C., Prestige, Trident Television, Vantage Securities.

FUTURE DATES

Interims—

Ariel Industries .... Feb. 14
Guinness Peat .... Feb. 12
Ransom (William) .... Feb. 7
Vibroplant .... Feb. 4

Final—

Commercial Union Assurance .... Feb. 28

LOUIS EDWARDS

The merger discussions with Morgan Edwards are continuing and may lead to Louis Edwards making a share offer for Morgan. A further announcement will be made by the middle of February.

Narby family lowers stake in Furness Withy

Mr. Frank Narby's family investment company, Dolphin Investments, has sold 62,500 ordinary shares in Furness Withy, reducing its holding from 11.2 per cent to 10.99 per cent.

Commenting on the sale Mr. Narby said yesterday: "My family company is faced with continuing uncertainty with regard to its very substantial investment in Furness Withy. We have asked the Minister of State at the Department of Trade for some further clarification of the position in relation to our voting rights on these shares."

Following a Monopolies and Mergers Commission report in 1976, Eurocanadian Shipholdings, of which Mr. Narby was chief executive, was told to reduce its stake in Furness Withy from 24.9 per cent to not more than 10 per cent by the end of 1979.

Last November Mr. Narby proposed a scheme whereby the Furness Withy shares would be transferred to shareholders of Eurocanadian. Under the arrangements Dolphin Investments received 11.2 per cent of the Furness equity.

Late last month the DoT said that this transaction did not fulfill the undertaking that Eurocanadian had given. In addition to informing Dolphin, Canadian National Railways and Helix Investments the department warned that an order would be brought forward if it became clear that the Eurocanadian shareholders were attempting to obtain boardroom representation. The order would effectively disenfranchise the shares.

Mr. Narby said, yesterday from Switzerland, that his family did not presently intend to dispose of the bulk of its holding, nor indeed to make ny further disposals except at acceptable price levels. Furness Withy shares closed at 239p last night, up 1p.

Thos. W. Ward optimistic of profits rise this year

WITH THE directors of Thos. W. Ward aiming for higher pre-tax profits in the current year, Mr. J. P. Frost, the chairman, tells members in his annual statement that there is good reason to be optimistic.

Taxable profits for the year ended September 30, 1979 rose 28 per cent from £11.83m to a record £15.09m—as reported December 18. On a CCA basis, pre-tax surplus is reduced to £7.98m (£6.41m).

Mr. Frost says the first half of the current year will be difficult for the group's scrap interests since BSC has drastically reduced its intake. But the remaining iron and steel activities are expected to maintain their progress.

In construction, total tonnage sold for the year is expected to be greater than last time, given no repetition of last winter's weather, and a substantial increase in associates' profits is anticipated.

There has been little sign on the motors side of the expected slackening in demand, while engineering and industrial services should continue to progress.

In addition, there will be a continuing benefit from devoting management time to improving profitable activities.

Mr. Frost says the group is ready to invest, by acquisition or otherwise, in two particular areas of activity.

The group's quarries have been consistently well managed and profitable, and it is seeking further opportunities to make acquisitions in this industry, and continued success in merchanting and distribution activities encourages it to seek further profitable opportunities for growth by acquisition on this side.

The chairman states that investment elsewhere is not ruled out, if the terms are right, but significant spending overseas is not contemplated at the moment and the group is unlikely to reverse its moves away from manufacturing.

There was a £6m cash inflow for the year and net borrowings are less than £20m, compared with shareholders' funds of £80m. Share capital and reserves has been increased by £25m.

In addition to retained profits for 1978-79 of £8.7m, the adoption of SSAP 15 for deferred tax added £11.3m, and a revaluation of group properties as at March 31, 1979 produced a £6.3m surplus that was transferred to reserves.

Country and New Town

A surplus of £193,000 on the disposal of properties has helped Country and New Town Properties to increase its pre-tax profits from £293,000 to £551,000 in the half-year to July 31, 1979.

The interim dividend is unchanged at 0.2p—last year's total was 0.65p, paid from taxable profits of £460,000.

The Board states that the sale of one of the Canadian properties has resulted in a significant capital profit, which, for the full year, will amount to £1.5m. The company's articles were amended last month to permit the distribution of capital profits.

After a tax charge for the half-year of £268,000 (£221,000)—arising entirely overseas—net profit came through well ahead at £283,000, against £72,000.

EPIC up to £0.9m midway

PRE-TAX income of Estates Property Investment Company increased from £685,000 to £914,000 for the six months ended October 31, 1979.

As already known the interim dividend, paid last November, was 2.5p (1.5p) net per 25p share—last year's final payment was 2.75p from income of £1.39m.

Rents receivable expanded to £1.56m, against £1.35m, for the first half, interest receivable was £29,000 (£2,000) and there was an exceptional dealing profit of £68,000.

Pre-tax figure was also struck after interest charges, higher at £507,000 compared with £469,000, and was subject to tax of £339,000 (£206,000).

The available balance emerged at £575,000 (£392,000)—comparative figure was after £87,000 interest attributable to the Belgian development—of which dividends will absorb £366,000 (£220,000).

Wearra GROUP LIMITED

Highlights from the circulated statement of the Chairman, Mr. A. J. HARRIS:-

- The year to 30th September, 1979 was, on the whole, a good one for the Group, resulting in a profit before tax of £547,616 (1978 – £445,335). A total dividend of 2.037p per share will be proposed (1978 – 1.459p).

DAVID SCOTT

The shoe manufacturing and distributing companies have both had a busy year. The "David Scott" brand, launched only two years ago, is now widely associated with quality and good design and its position in the home market has been reinforced by rising sales and availability in many more good retail outlets. The programme of shop improvement and upgrading of merchandise in the retail company resulted in a significant increase in turnover and profit.

- Exporting performance was somewhat mixed but an overall increase in value was achieved. I am hopeful that our trade in the Middle East and Europe will develop further.
- Grayhill Westcott Ltd., who produce industrial gas heating appliances, have in their first year contributed to Group profits, and I expect they will increase their contribution in the current year.
- Since its introduction in 1977, "David Scott" has become firmly established and Wearra no longer has any relevance, therefore a resolution to change the name of the holding company to David Scott Group will be put before the Annual General Meeting. Because of the seasonal nature of the footwear trade, the Group's future financial years will end on 31st January.
- The current financial period has started well and the Group's strengthened position should enable it to take full advantage of whatever opportunities prevailing conditions allow, including suitable acquisitions.

IRTHLINGBOROUGH, NORTHAMPTONSHIRE

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone : 01-621 1917

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	73	Airsprung Ord.	73	—	6.7	9.2	4.3†
50	38	Armitage and Rhodes	39	—	3.8	9.7	2.5†
227	185	Bardon Hill	227	—	13.8	6.1	6.7†
100	85	CCC 10.7% Pref.	87	—	15.3	17.6	—
101	63	Deborah Ord.	91	—	5.0	5.5	10.0
353	140	Deborah 17½% CULS	350	—	17.5	5.0	—
94	88	Frank Horsell	94	—	7.9	8.4	5.8
129	100	Frederick Parker	108	—	12.8	11.9	8.4†
156	105	George Blair	106	—	16.5	15.6	—†
62	45	Jackson Group	62	—	5.2	8.4	3.6†
153	115	James Burrough	115	—	7.2	6.3	10.1
300	242	Robert Jenkins	250	—	31.3	12.5	8.0†
232	175	Torday Limited	223	—	14.3	6.4	5.8†
34	16⅝	Twinlock Ord.	22⅞	—	0.8	2.9	5.5†
80	70	Twinlock 12% ULS	76	—	12.0	15.8	—
56	23	Unilock Holdings	55	—	2.6	4.7	11.7
84	42	Walter Alexander	82	—	4.4	5.3	5.4
190	136	W. S. Yeates	185	—	11.5	6.2	7.2

† Accounts prepared under provisions of SSAP 15.

GENERAL MINING GROUP

THE GRIQUALAND EXPLORATION AND FINANCE COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Issued Capital—R597,500 in 11,950,000 shares of 5 cents each

REPORT FOR THE QUARTER ENDED 31 DECEMBER 1979

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31.12.79	Quarter ended 30.9.79	Financial year ended 31.12.79	Previous Financial year
Operating Results				
Development—metres	1,268	1,036	4,708	5,689
Ore milled—tons	111,000	106,000	406,000	454,000
Fibre produced—tons	13,087	11,812	50,485	64,338
Percentage fibre recovered	11.8	11.1	12.4	14.2
Cost per ton ore milled	R37.09	R35.30	R35.87	R33.01
Revenue per ton fibre	R521.1	R528.2	R533.3	R540.3
Production costs per ton fibre	R314.6	R316.8	R288.5	R232.9
Selling costs per ton fibre	R114.4	R112.4	R112.1	R113.2
Financial Results	R'000	R'000	R'000	R'000
Operating profit	1,877	1,491	7,656	12,454
Profit after tax from non-mining subsidiaries	52	120	237	352
	1,929	1,611	7,893	12,806
Less: Interest and sundries	132	206	704	256
Currency losses	41	44	152	—
Profit before taxation	1,756	1,361	7,037	12,550
Provision for taxation	378	253	1,579	3,501
Net profit after taxation	1,378	1,108	5,458	9,049
Capital expenditure	166	183	1,031	1,453
Prospecting expenditure	29	71	313	606
Loan Levy	31	24	145	416

Notes

1. Consolidated results are given, as information relating to the company only could be misleading.
2. Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year. Because of a distinct seasonal pattern in asbestos sales, results for the quarter under review should, preferably, be compared with those of the corresponding quarter of the previous financial year.
3. Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers.
4. Dividends Nos. 56 and 57 of 20 cents and 12½ cents per share respectively, were declared during the year.

On behalf of the Board

C. H. WALTERS
L. K. JOOSTE } Directors

London Office:
95 Gresham Street
London EC2V 7EN
28 January 1980

Registered Office:
6 Hollard Street
Johannesburg 2001
South Africa

KNOCKING BRITISH INDUSTRY JUST ISN'T CRICKET.

Commonplace though it may be to dismiss the British economy as having a lack-lustre performance, there are many examples of continuing success which deserve recognition.

For example, financial services, energy, data communication, leisure and retailing are all areas in which Britain still excels. As do many leading British industrial companies, amongst whom Hanson Trust's success story would be hard to better. At September 30, 1979, the pre-tax profit of Hanson Trust rose for the sixteenth successive year, increasing by 19% over 1978, to a record £31.2 million with cash resources of £43 million.

OPENING THE INNINGS

Hanson Trust has been built up carefully to reflect a business philosophy that has not changed in sixteen years. It was our intention to build on a good existing business, continue its growth and enlarge it when we were sure that its success merited support.

At the same time, as innovators, we have sought planned investment in new companies which meet our growth criteria. This willingness of Hanson Trust to make bold moves into new areas is well known and widely supported.

WHY WE SCORE HEAVILY

In the UK, Hanson Trust has built up a solid foundation of growth in basic straightforward industries. Butterley Building Materials, a market leader in facing bricks, is one excellent example of this commitment to basic industry. Adding this to the very best in management standards, applied throughout all our companies, has made Hanson Trust the outstandingly successful entity that it is today.

BUILDING A LONG INNINGS

Hanson Trust places great value on management professionalism. To succeed, a company needs excellent management, our commitment to which is consistently relentless.

Consistency, then, has always been a Hanson Trust byword. Consistent in aim, consistent in good management, consistent in development and consistent in growth of profit and earnings per share, year by year.

However, our success in Britain is only half the Hanson Trust story. For the full picture, and to see just what we have achieved in the USA since we went there in 1973, please send for a copy of our Annual Report to Hanson Trust, FREEPOST, London SW3 1BR (no stamp required) or telephone: (01) 589 7070.

After all, to ignore the other half of our success story just wouldn't be cricket.

Hanson Trust

The industrial management company where people are as valued as assets.

MINING NEWS

No major rise expected in gold production

BY KENNETH MARSTON, MINING EDITOR

DESPITE HIGH prices for gold, world production of the metal seems unlikely to show very much increase in the 1980s, *according to leading spokesmen* at the Toronto conference on gold sponsored by Canada's Financial Post.

Paradoxically, the basic reason for this is that the high prices have made it economic to mine ore with a relatively low gold content but there has been no great increase in the amount of ore mined. At the same time, *soaring* capital costs, coupled with the scarcity of new high grade gold deposits, dampen prospects for a major increase in new mining operations.

One area that seems likely to step up production is the Peoples Republic of China, according to *Mr. Michael Beckett, an* executive director of Consolidated Gold Fields. He pointed out to the seminar that Chinese output is broadly similar to that of the U.S. and Canada, somewhere in the upper end of the 30-60 tonnes per year range.

Extensive exploration is being carried out and Mr. Beckett concluded that: "it would not be too fanciful to look for a 50 per cent and possibly even a 100 per cent increase in Chinese gold production by the 1990s."

Mr. Beckett said that estimates of Soviet bloc are now being prepared and *will be detailed in* Gold Fields' annual survey "Gold 1980," which will be available in June. In the meantime he *thought* that Russia's sales to the West last year fell to about 200-250 tonnes from just over 400 tonnes.

A major mine is the Muruntau facility which should be able to *maintain an annual output of 80* tonnes "for many years." However, he thought that the earlier estimates of Soviet annual production of about 450 tonnes may have been too high in which case some of the sales in recent years must have been drawn from stocks.

As far as the non-Communist world is concerned, Mr. Beckett anticipated no major change in 1979 output from that of 1978. Speaking from Canada, Mr. Malcolm Tashereau, president of Dome Mines, reckoned that any increase in his country's production "will only happen over time, perhaps three to five *years.*"

Mr. Dennis Etheredge, president of the South African Chamber of Mines, pointed out that South Africa's production—the highest in the world at some 703 tonnes—fell by 25 per cent over the past eight years while the amount of ore mined rose 16 per cent in the same period. This, *of* course, is a reflection of the continuing trend towards mining lower grade ore.

At the same time, the higher *gold prices have extended* the lives of the mining operations and kept open some of the mines *which would otherwise have* closed down. He also believed that there would also be a *redoubling of efforts to find more* gold orebodies in South Africa with more attention being paid to the prospects of the old goldfields around Barberton, Sabie, *Pilgrim's* Rest and Lydenburg. Some new mines must be expected, he thought.

Although concerned about the effect on the jewellery trade of *high gold prices, Mr. Etheredge* thought that "the world gold market looks in *extremely* good shape." While a setback in the price was likely, he still anticipated an overall upward movement and based his confidence on the fundamental underlying strength of the market "which was evident before the recent frenetic buying *began.*"

GEFCO PROFITS DIP SHARPLY

LOWER PRODUCTION and rising costs have eaten into the 1979 profits of Griqualand Exploration and Finance (Gefco), the South African crocidolite asbestos *producer* in the General Mining group.

Net earnings last year were R5.45m (£2.94m) *compared* with R9.04m in 1978, the group announced yesterday. But some recovery was taking place by the fourth quarter when earnings were R1.37m against R1.1m in the 1978 final quarter.

For the whole of last year, fibre production was 50,485 tonnes against 64,338 tonnes in 1978, but costs rose to R35.87 a tonne from R33.01, *while average revenue* per tonne slipped to R533.3 from R549.3.

Rhodesian output at new high

THE VALUE of Rhodesian mining production rose 25 per cent to a record R$315.5m (£206m) last year, despite the guerrilla war *and* a sluggish world economy, reports Tony Hawkins from Salisbury.

A major factor in the rise was the increase of the gold price. Rhodesia claims to be the non-Communist world's fifth largest gold producer and last year gold became its main export for the first time since World War II.

Mining output value would exceed R$400m this year, forecast Mr. Mike Cawood, the Secretary for Mining. He noted that the current gold price is more than double the 1978 average.

The industry *will* also benefit during 1980 from the lifting of economic sanctions. This should boost export earnings from chrome, copper, nickel and asbestos.

ROUND-UP

Fording Coal, the British Columbia coal producer owned by Canadian Pacific Investments and Cominco, is spending C$115m (£43.76m) to *raise capacity* in stages from 2m tons to 5m tons a year.

* * *

Witwatersrand Nigel, the small South African gold producer, followed the trend of rising profits in the industry with an announcement of net earnings in the December quarter of R668,421 (£361,269), compared with R585,908 in the three months to September.

OIL AND GAS NEWS

Natomas discovers new field off Sumatra

PERTAMINA, Indonesia's State oil company, has announced the discovery of a new oilfield off the coast of the island of Sumatra, reports Richard Cowper from Jakarta.

The company said that the field, named Krishna, would have an initial capacity of 21,000 barrels a day and hoped that production would start before the end of the year.

The discovery—17 miles north of the Cinta oil production complex—comes after four exploration wells were successfully tested by Natomas, Pertamina's contractor, which has a 53 per cent stake in the field. The oilfield designated *so* far covers 10,000 acres, but test drilling will be accelerated this *year in the hope that the field* is larger.

Meanwhile, Mobil Oil has struck gas in an exploration well in the province of Aceh in North *Sumatra, 19 miles south-east of* Arun, Indonesia's largest gas field.

Mobil, which is drilling the well under a production sharing agreement with Pertamina, said it was too early to evaluate its commercial potential.

The board of Petrobras, Brazil's national oil company, has limited the exploration areas to be worked by the Corporation itself to the 760,000 square km—484,000 nshore and 275,900 offshore—in which it is already producing or drilling, reports *Diana Smith from Brasilia.*

The remainder of Brazil's five million square km of sedimentary basins will be open to risk contracts with private companies, either foreign or local.

This is a radical shift in Brazil's "the oil is ours" policy, *and reflects the Government's* ambition to see domestic wells producing 500,000 barrels a day by 1985, compared with the current output of 190,000 barrels a day.

Petrobras has announced that the fourth round of bidding for risk areas will *begin in May*: 460,000 square km will be offered—46 blocks of about 1,000 square km each that stretch from the coast of Amapa Territory in the far north to an area *south of* Sao Salvador de Bahia, on the north-east coast.

* * *

Transco Exploration has made a commercial natural gas discovery at West Cameron, 38 miles offshore the coast of Louisiana. Log analyses indicate gas accumulations in two zones below 8,600 feet.

Drilling is continuing in the discovery well to explore other *potential* productive *sands. The* well is being drilled in 60 feet of water on the 5,000-acre block. Transco plans to have this field on production in 1981.

The block was purchased by Transco and *its* partners for $6.6m at the July 1979 Federal Lease sale. Transco *has* a 41.7 per cent working interest; Freeport Oil, a unit of Freeport Minerals, 41.7 per cent; and Energy Development Corporation 16.6 per cent.

* * *

Three new natural gas fields with rich deposits were found last year in the eastern part of China's Sichuan Province, according to the New China News Agency. Sichuan is already a gas producing area.

The gas was discovered in a 4,000 metre deep stratum of the carboniferous system, the first time China has discovered gas in such strata, the Agency *added.*

* * *

Texaco has *signed* a joint exploration agreement with AGIP of Italy, to assist in increasing petroleum exploration in the U.S.

Texaco, operator of the project, is to drill six exploratory wells on Texaco-held leases in *Texas, Mississippi and* Pennsylvania. AGIP will earn an interest in the leases through financial participation, although the cost to AGIP was not disclosed.

The two companies entered into similar exploration agreements last year covering 12 *exploratory wells in the* Sacramento and Salinas Valleys of California and in the Cook Inlet area of Alaska.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Shell Oil lifts earnings by 72% in final quarter

BY DAVID LASCELLES IN NEW YORK

SHELL OIL, the U.S. subsidiary of Royal Dutch Shell, extended the string of strong gains reported by the oil majors yesterday when it announced a 72 per cent rise in fourth quarter earnings, from $192.3m, or $1.27 a share, to $331.2m, or $2.15 a share. Revenues were up from $2.9bn to $4.3bn.

This brought Shell Oil's year-end earnings to $1.1bn, or $7.32 a share, up 38 per cent from $814m, or $5.45 a share, in 1978. Revenues for the year were $14.5bn, up from $11.1bn.

Mr. John Bookout, chairman, said that most of the increase had come from Shell's oil and gas exploration and production business, and chemicals. Income from refining and marketing was little changed from the previous year, mainly because selling prices rose more slowly than materials and operating costs. Sales volume was also lower.

Shell stressed that these large earnings gains should be seen in the light of its heavy capital and exploration budget, which reached $2.4bn last year and is expected to rise to $2.7bn in 1980. These figures exclude the $3.65bn which Shell paid out at the end of last year to acquire Belridge Oil, the Californian oil company, in what was the biggest corporate takeover in the U.S. to date.

Mr. Bookout said that last year Shell Oil added total hydrocarbon reserves equal to 88 per cent of what it produced during the year, again excluding Belridge.

He added: "Our spending emphasis will continue to be on oil, natural gas and other energy projects."

Mr. Bookout also pointed out that *some $1.9bn of planned* spending for 1980 would go on exploration and development of energy resources, mainly in the U.S.

Strong gain for Union Pacific on year

By Our New York Staff

UNION PACIFIC, the diversified railroad and energy group, registered a sharp rise in 1979 earnings, partly brought about by the strength of its energy and natural resources business. Profits were $382.5m or $8.02 per share, up from $264.1m or $5.55. *Revenues were $3.03bn* compared to $2.99bn the year before.

In the final quarter, Union Pacific earned $100.8m or $2.11 per share compared to $79.6m or $1.67, in the same quarter of 1978.

Mr. James Evans, chairman, *said* that for the first time *Union Pacific owed more than* half its earnings to its energy and natural resource business, with earnings from its petroleum subsidiary rising 91 per cent. Union Pacific Railroad's earnings rose 8 per cent to $150.7m.

But Mr. Evans warned that 1980 was hard to assess. "It will be difficult to duplicate the strong advance achieved in 1979. *But* nevertheless we anticipate further growth," he said.

Phillips wins fight over patent

BY SUE CAMERON, CHEMICALS CORRESPONDENT

A U.S. Federal judge has found in favour of Phillips Petroleum after a 20-year-old battle over a patent on solid crystalline polypropylene.

The U.S.-based Phillips Petroleum has been fighting three companies—the Italian-based Montedison, and the U.S. groups, Standard Oil of Indiana and Du Pont, since 1958.

The long legal case may not be over yet. An appeal against this latest decision is expected to be made by at least one of the other three companies involved.

Phillips said that it would be prepared to offer licences to polypropylene manufacturers as soon as the U.S. patent was issued. It refused to put a figure on the value of the patent, but said it would be worth "several million dollars a year" during its 17-year life.

Polypropylene is used in the making of a wide variety of products, including man-made fibres for carpets, automotive and domestic appliance parts and packaging film.

Thomson may raise borrowing

TORONTO — Thomson Newspapers may have to borrow more than the projected C$90m (US$104m) to finance the acquisition of FP Publications, Mr. Peter Bogart, Thomson's vice-president of finance, said.

Thomson bought FP Publications for C$164.7m and the takeover is scheduled for completion on January 31. Reuter

Rosario has more suitors

NEW YORK—The Board of Rosario Resources Corporation which faces a bid from Hudson's Bay Mining and Smelting, announced that it is holding discussions with "several other purchasers."

The company, which is an important producer of silver among its mining operations, said that the discussions were in a preliminary stage and no assurance could be given that a better offer will be obtained. Hudson's Bay wants to acquire Rosario Resources for $65 a share.

The Board of Rosario has asked shareholders to defer their decision on the Hudson's Bay offer while it continues its talks with other possible purchasers in a effort to obtain a better offer. Reuter

EUROBONDS

New issue calendar set at DM 740m

BY FRANCIS GHILES

THE February calendar of foreign Deutsche Mark bond issues was opened yesterday when Westdeutsche Landesbank launched a DM 100m private placement for Sweden. This bond includes a bullet maturity of seven years and carries an indicated coupon of 8 per cent. It is expected to be priced at par.

The German Capital Markets sub-Committee agreed on a calendar of new issues to February 25 which amounts to DM 740m. This figure could be higher if the European Investment Bank, which has been negotiating for many months to do a public D-Mark denominated bond comes to the market. That may well not happen, as this borrower is understood to be pressing for finer terms, something which it has so far only succeeded in doing in this sector when it arranges private placements.

The issue for Sweden will be followed on February 1 by a DM 200m public bond for the Commonwealth of Australia to be managed by Deutsche Bank. This same borrower will raise a further DM 200m in the form of a private placement through the same lead manager on February 18. Before then, on February 8, Dresdner Bank *is expected to* launch a DM 100m private placement for a European industrial address. On February 12, Commerzbank will launch a DM 40m private placement for a non-European industrial address.

The same bank will announce a further bond in the form of a DM 100m public issue for a Latin American borrower on February 19. On February 25, the date of the next capital markets sub-committee meeting, Westdeutsche Landesbank is expected to launch a DM 50-DM 100m issue for a non-European industrial address but this issue, together with others *expected on February 26 and 29* through Dresdner Bank and Deutsche Bank, are not technically included in the February calendar.

The terms offered on the new Sweden issue point to the fact that yields on foreign and domestic Deutsche Mark bond issues are drawing very close. Indeed the latest domestic D-Mark bond is a DM300m ten-year issue for the City of Hamburg which carries a coupon of 8 per cent. Throughout the past 12 months, domestic Deutsche bonds have consistently offered higher yields than foreign ones. But today demand from abroad is slack and German banks thus *have no option but to increase* the yield offered on such paper.

McDonnell Douglas boosts sales and profits

BY STEWART FLEMING IN NEW YORK

A SHARP increase in the number of commercial airliners delivered to customers boosted the sals revenues of McDonnell Douglas 27 per cent to $5.3bn last year. Net income for the aerospace concern rose by 24 per cent to $199m equal to $5.06 a share, from $161.1m or $4.14 a share in 1978.

Mr. James S. McDonnell, the chairman, said that increased commercial jet deliveries were primarily responsible for the rise in sales revenues, but that earnings were adversely affected by costs associated with the development and accelerated production of commercial jets.

Earnings for the fourth quarter of the year were $51.7m or $1.31 a share, compared with $43.8m or $1.12 a share a year earlier. The company's firm order backlog was $6.98bn at the end of 1979, almost $1bn more than in 1978.

The U.S. aerospace industry has ben enjoying the beginning of what is expected to be a protracted period of growth in demand for passenger aircraft as airlines phase out older, less fuel efficient jets and bring in newer models. Boeing, too, has ben reporting big profit increases.

But there have been signs of some airlines trimming new orders in the face of the uncertain economic climate and rising costs.

There is now the prospect, too, of a bigger demand for the company's military aircraft as defence spending rises in response to the foreign policy challenges that have arisen and growing political pressure for an increased defence budget.

The Administration is already proposing a 5 per cent rise in the defence budget in real terms and the hawks in Congress are calling for more. Defence stocks, as a result, have been strong. McDonnell Douglas's share price, which languished in the upper 20s through much of last year, partly because of concern about the financial impact of the tragic crash of its DC10 jet in Chicago, has been quoted around $46 recently.

The company disclosed that its sales revenues for 1979 were split 40 per cent commercial and 60 per cent military and that its firm order backlog was divided 50 per cent commercial, 50 per cent military.

AMERICAN QUARTERLIES

AIR PRODUCTS AND CHEMICALS

First quarter	1979 $	1978 $
Revenue	317.4m	275.5m
Net profits	31.03m	21.94m
Net per share	1.09	0.78

AMERICAN BRANDS

Fourth quarter	1979 $	1978 $
Revenue	1.5bn	1.4bn
Net profits	91.15m	60.27m
Net per share	3.14	2.26
Year		
Revenue	5.8bn	5.2bn
Net profits	347.3m	211.5m
Net per share	12.00	7.93

AMERICAN EXPRESS

Fourth quarter	1979 $	1978 $
Revenue	1.24bn	1.08bn
Net profits	82.4m	79.6m
Net per share	1.15	1.11
Year		
Revenue	4.67bn	4.08bn
Net profits	345.3m	314.0m
Net per share	4.83	4.39

AMSTED INDUSTRIES

First quarter	1979 $	1978 $
Revenue	226.9m	205.5m
Net profits	20.0m	17.38m
Net per share	1.85	1.61

BAUSCH AND LOMB

Fourth quarter	1979 $	1978 $
Revenue	132.2m	122.8m
Net profits	11.7m	8.46m
Net per share	0.98	0.72
Year		
Revenue	503.0m	441.7m
Net profits	41.2m	29.8m
Net per share	3.49	2.54

BLUE BELL INC.

First quarter	$	$
Revenue	247.5m	196.5m
Net profits	11.97m	8.59m
Net per share	0.96	0.69

BRIGGS & STRATTON

Second quarter	1980 $	1979 $
Revenue	186.6m	147.7m
Net profits	15.29m	14.13m
Net per share	1.06	0.98
Six months		
Revenue	324.7m	260.1m
Net profits	22.27m	21.55m
Net per share	1.54	1.49

CENTRAL TELEPHONE & UTILITIES

Fourth quarter	1979 $	1978 $
Revenue	190.8m	173.8m
Net profits	20.32m	18.22m
Net per share	0.81	0.74
Year		
Revenue	750.5m	654.7m
Net profits	83.05m	74.6m
Net per share	3.34	3.03

CITY INVESTING CO.

Fourth quarter	1979 $	1978 $
Revenue	1.31bn	1.09bn
Net profits	36.9m	33.3m
Net per share	1.41	1.30
Year		
Revenue	5.04bn	3.79bn
Net profits	132.6m	112.4m
Net per share	5.07	4.27

CLOROX

Second quarter	1979 $	1978 $
Revenue	142.5m	130.3m
Net profits	7.05m	6.36m
Net per share	0.31	0.28
Six months		
Revenue	303.0m	270.5m
Net profits	17.49m	14.36m
Net per share	0.76	0.63

COPELAND

First quarter	1979 $	1978 $
Revenue	98.1m	73.9m
Net profits	5.39m	2.89m
Net per share	0.96	0.51

FEDDERS CORPORATION

Year	1979 $	1978 $
Revenue	176.8m	242.3m
Net profits	†36.5m	2.6m
Net per share	†3.47	0.06

† Loss

GLOBAL MARINE

Fourth quarter	1979 $	1978 $
Revenue	42.7m	35.0m
Net profits	7.33m	2.65m
Net per share	1.38	0.50
Year		
Revenue	154.6m	116.6m
Net profits	20.76m	8.21m
Net per share	4.21	1.85

INTERLAKE

Fourth quarter	1979 $	1978 $
Net profits	13.66m	8.45m
Net per share	2.38	1.43
Year		
Revenue	1.10bn	921.1m
Net profits	39.74m	10.49m
Net per share	6.66	1.77

MIDDLE SOUTH UTILITIES

Year		
Revenue	1.83bn	1.63bn
Net profits	182.06m	185.44m
Net per share	2.13	2.48

STANDARD BRANDS PAINT

First quarter	1979 $	1978 $
Revenue	246.9m	42.1m
Net profits	3.88m	2.74m
Net per share	0.69	0.52

VARIAN ASSOCIATES

First quarter	1979 $	1978 $
Revenue	133.9m	101.3m
Net profits	4.27m	3.282m
Net per share	0.56	0.44

KOPPERS

Fourth quarter	1979 $	1978 $
Revenue	588.99m	447.79m
Net profits	22.04m	26.50m
Net per share	0.83	1.05
Year		
Revenue	1.33bn	1.58bn
Net profits	36.47m	76.01m
Net per share	3.27	3.01

LIBBEY-OWENS-FORD

Fourth quarter	1979 $	1978 $
Revenue	296.1m	286.5m
Net profits	9.03m	15.82m
Net per share	0.70	1.32
Year		
Revenue	1.21bn	1.11bn
Net profits	58.08m	65.8m
Net per share	4.00	5.50

LOUISIANA-PACIFIC

Fourth quarter	1979 $	1978 $
Revenue	320.7m	287.4m
Net profits	21.83m	22.92m
Net per share	0.77	0.79
Year		
Revenue	1.3bn	1.04bn
Net profits	106.4m	81.67m
Net per share	3.60	2.33

MEREDITH CORPORATION

Second quarter	1979 $	1978 $
Revenue	88.4m	80.7m
Net profits	6.47m	4.01m
Net per share	2.08	1.29
Six months		
Revenue	170.8m	157.4m
Net profits	11.0m	7.58m
Net per share	3.53	2.45

NABISCO

Fourth quarter	1979 $	1978 $
Revenue	643.16m	619.77m
Net profits	35.39m	34.55m
Net per share	1.10	1.08
Year		
Revenue	2.37bn	2.20bn
Net profits	99.78m	101.56m
Net per share	3.10	3.18

NORRIS INDUSTRIES

Fourth quarter	1979 $	1978 $
Revenue	172.1m	163.5m
Net profits	10.03m	11.77m
Net per share	1.03	1.20
Year		
Revenue	659.3m	628.3m
Net profits	35.23m	41.70m
Net per share	3.61	4.27

NORTHERN STATES POWER

Fourth quarter	1979 $	1978 $
Revenue	265.3m	230.5m
Net profits	18.0m	17.8m
Net per share	0.59	0.59
Year		
Revenue	1.05bn	979.3m
Net profits	106.3m	100.7m
Net per share	3.51	3.39

PFIZER

Fourth quarter	1979 $	1978 $
Revenue	743.8m	650.7m
Net profits	58.6m	56.1m
Net per share	0.80	0.77
Year		
Revenue	2.75bn	2.4bn
Net profits	237.9m	209.9m
Net per share	3.26	2.89

PROCTER & GAMBLE

Second quarter	1979 $	1978 $
Revenue	2.62bn	2.25bn
Net profits	146.67m	127.1m
Net per share	1.77	1.54
Six months		
Revenue	5.29bn	4.53bn
Net profits	332.33m	294.9m
Net per share	4.02	3.56

SANTA FE INDUSTRIES

Fourth quarter	1979 $	1978 $
Revenue	716.4m	571.9m
Net profits	75.3m	50.3m
Net per share	2.65	1.81
Year		
Revenue	2.56bn	2.10bn
Net profits	227.7m	165.3m
Net per share	8.08	5.96

TRANS UNION

Fourth quarter	1979 $	1978 $
Revenue	264.9m	212.5m
Net profits	20.02m	14.61m
Net per share	1.63	1.22
Year		
Revenue	922.6m	772.7m
Net profits	60.67m	53.80m
Net per share	5.01	4.52

WINN-DIXIE STORES

Second quarter	1979 $	1978 $
Revenue	1.63bn	1.49bn
Net profits	24.06m	25.76m
Net per share	0.89	0.91
Six months		
Revenue	2.78bn	2.58bn
Net profits	44.26m	45.41m
Net per share	1.63	1.60

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 28

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	86¾	87¼	−0¼	−2¼	12.39
Alex Howden XW 9½ 91	30	76¾	77¾	−0¼	+0⅞	13.59
Aquitaine Can. 11½ 85	30	†93⅞	94	−0½	−1⅛	13.03
Australian Res. 9⅝ 84	30	89¾	90¼	−0¼	−1⅛	12.68
Avco O/S Cap. 10½ 87	40	79¼	79¾	+0⅛	−2⅛	15.06
Beneficial Fin. 9½ 87	100	88¼	88¾	−0⅛	−1½	12.64
CECA Grad. Rate 12 86	100	94¾	95¼	−0½	−0¼	13.10
CECA 9⅝ 99	125	†77½	78	−0¼	−1	13.31
Canadian Pacific 9½ 89	50	85¾	86¼	−0¼	−2¼	12.37
Carter Hawley 9⅞ 86	50	88	88⅞	−0⅛	−1⅛	13.00
Comalco Inv. E. 10⅛ 91	40	87½	87¾	−0⅛	−2⅛	12.34
Continental Grp. 9⅞ 86	100	87⅛	87⅝	0	−1½	12.57
Dome Petroleum 10 94	50	83	83½	−0½	−2⅛	12.54
Dominion Bridge 10¼ 84	30	90⅞	91⅜	−1⅛	−2⅛	13.03
EIB 11½ 92	80	90½	91	−2¼	−4	13.33
EIB 10 99	150	80¾	81¼	−1⅛	−3⅛	13.02
EIB 10¼ 87	100	88½	89¼	−0⅛	−2⅛	12.92
EIB 10.15 99	100	81⅞	82½	−1⅛	−3⅛	13.06
Ekportfin 11¼ 87	50	93⅜	93⅞	−1½	−1⅞	12.68
Export Dv. Cpn. 9⅝ 84	100	90	90½	−0⅛	−0⅛	12.42
Export Dv. Cpn. 9⅝ 84	150	91⅜	91⅝	−0¼	−1⅛	12.28
Finland 9⅝ 89	100	84⅞	85⅞	−1⅛	−1⅞	12.77
GTE Finance 9⅝ 89	55	86⅞	87⅜	−0⅛	−1⅛	12.11
GMAC 9⅝ 86	100	88⅞	88⅞	−0⅛	−0⅛	12.40
GMAC O/S Fin. 11 84	100	95	95½	−0⅛	−1⅛	12.33
Gould Int. Fin. 9⅝ 85	50	88⅞	89⅞	−0½	−2½	12.81
ITT Antilles 9½ 89	75	83⅞	84⅜	−0⅛	−2⅛	12.46
Kennecott Int. 9½ 86	100	84⅞	84⅞	−0⅛	−2	13.28
Manitoba 9½ 89	75	82⅞	83⅜	−0⅛	−1⅛	12.72
Michelin 10 94	125	84⅞	85	−1⅛	−2⅛	12.28
Nat. Des. Telecm. 9½ 86	100	87⅜	87⅞	0	−2	12.39
New Brunswick 9⅞ 94	75	81	81½	−1⅛	−3⅛	12.86
Newfoundland 10 94	50	83⅞	83⅞	−1⅛	−4⅛	12.56
Norges Komm. 9⅞ 99	100	*84⅞	85	0	+0⅛	12.25
Norway 9½ 84	150	90½	91	−0⅛	−1⅛	12.39
Nova Scotia Pwr. 9⅞ 89	50	83⅞	84⅞	−0⅛	−2⅛	12.79
Occidental Fin. 10⅞ 84	50	†92⅞	92⅞	−2⅛	−1⅛	12.55
Orient Leasing 9⅞ 86	25	87⅞	87⅞	−1⅛	−0⅛	12.44
Pennwalt O/S F. 9⅞ 84	25	89⅞	90⅞	−0⅛	−1⅛	12.81
Pepsico Cap. 9⅝ 84	100	90⅞	91⅞	−0⅛	−0⅞	12.16
Quebec Hydro 10 99	75	80⅞	80⅞	−1	−4	12.74
Sears Roebuck 9 82	150	93⅞	93⅞	−0⅛	−0⅛	12.87
Statoil 9⅞ 89	100	85	85½	−0⅛	−2⅛	12.32
Sweden 9⅞ 89	100	84⅞	85⅞	−0⅛	−1⅛	12.53
Sweden 9½ 86	200	88½	89⅞	−1⅛	−1⅛	12.45
Sweden 9⅞ 84	100	91⅞	91⅞	−0⅛	−0⅞	12.26
Unilever NV 9⅞ 87	100	85⅞	86⅞	−0⅛	−1⅛	12.16
Warner-Lambert 9 84	100	90	90⅞	−0⅛	−0⅞	11.92

Average price changes...On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97¾	98¼	−0¼	+0¼	8.35
Argentina 7½ 89	150	91½	91⅞	0	−1⅛	8.87
Asian Dev. Bk. 7½ 89	100	92½	93¼	−0⅛	−0⅛	8.35
Barclays O'seas 6⅞ 89	100	90⅞	91⅛	−0⅛	−1⅛	8.19
Brazil 8 87	150	94⅞	95⅛	+0⅛	+1⅛	8.97
CECA 7 91	150	92⅞	93⅞	0	−0⅛	7.92
Council of Eur. 7⅞ 89	100	94⅞	95⅛	−0⅛	−0⅛	8.07
EEC 7⅞ 94	225	97⅞	98⅛	−0⅛	+0⅛	8.14
EIB 7⅞ 89	200	96⅞	97	−0⅛	−0⅛	8.02
Finland, Rep. of 8 86	150	98⅞	99⅛	−0⅛	+0⅛	8.16
Kobe, City of 7⅞ 89	150	96⅞	97	−0⅛	−0⅛	7.82
Mitsubishi Chem. 6½ 84	70	97⅞	97⅞	0	0	7.19
Neder. Gasunie 8 86	100	102⅞	102⅞	−0⅛	0	7.51
New Zealand 7⅞ 87	200	95⅞	96⅛	0	0	7.78
Nippon Kokan 6½ 84	100	94⅞	95⅛	+0⅛	+0⅛	8.02
Nippon Tel. & T. 5½ 87	100	88⅞	88⅞	0	+0⅛	8.10
Norges Komm. 7⅞ 91	150	98⅞	99⅛	−0⅛	0	7.88
Norges Komm. 8⅞ 94	150	†100⅞	101⅛	−0⅛	+0⅛	8.16
Norway 6⅞ 84	200	95⅞	96⅛	−0⅛	−1⅛	7.46
OKB 6 87	40	88	89	0	−0⅛	8.22
OKB 7⅞ 89	100	95½	96⅛	−0⅛	−1⅛	7.99
Tokyo Elec. Pwr. 6⅞ 85	200	93⅞	94⅛	0	+0⅛	7.39
World Bank 7⅞ 91	400	95	95⅞	+0⅛	+0⅛	8.24
World Bank 7⅞ 90	250	97⅞	98	0	+0⅛	8.23

Average price changes...On day −0⅛ on week 0

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	92¾	93¼	+0¼	−1¼	6.51
Aumar 5 89	60	89	89½	0	−0½	6.56
Australia 3¾ 89	250	89¼	89¾	−0¼	−1¼	5.12
Bergen, City of 4½ 91	40	94	94½	0	−1	5.49
BNDE 5 89	75	80½	81	−1¼	−4¾	7.96
BMW Overseas 4½ 91	100	89¼	89¾	−2	−3¼	5.52
Caisse Nat. Tele. 4½ 89	100	89	89½	−1	−5	5.87
Canada 3¾ 89	300	89	89½	−1	−3	5.13
Copenhagen 4½ 91	60	88½	89	−1½	−4½	5.85
Council of Eur. 5 89	100	†91¼	92	−0¼	−3¼	6.72
EIB 4½ 91	100	84½	85	−0¼	−1¼	6.42
EIB 4⅞ 94	100	83	83½	+0¼	−0¼	6.14
Elec. de France 4½ 89	100	90	90½	0	−3	5.73
GZB 4⅞ 89	100	84¼	84¾	−1¼	−5¼	6.40
Hilti 4½ 91	35	94½	94¾	−0¼	−0¼	4.86
ICI Fin. NV 3¾ 94	230	76	76½	−1½	−3	6.05
Int.-Amer. Dev. 4½ 89	100	89	89½	−0¼	−1	6.01
Malaysia 5 89	80	85	85½	−0¼	−3	7.15
Nippon Tel. & T. 4½ 89	100	85½	86	0	−8½	6.18
Nordic Bank 5 89	45	94½	95	+0¼	−1¼	5.73
Norges Komm. 4½ 91	100	86½	88	−1½	−3½	6.11
OKB 3⅞ 91	100	81¾	81⅞	−0¼	−1¼	6.06
OKB 4½ 91	100	86¾	87	−0½	−2¼	5.96
Oslo, City of 4½ 91	100	86	86½	−0½	−2½	6.04
Shikoku El. Pwr. 4⅞ 89	100	86½	87	−0¼	−0¼	5.63
Spain 4 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stewaag 4⅞ 91	60	90	90½	−0½	−1	5.94
Voest-Alpine 4¾ 89	90	90½	90¾	+1¼	−3¾	6.11
World Bank 4½ 89	100	94½	95	−0¼	−2¼	5.34
World Bank 4⅞ 89	150	89¾	90½	−0¼	−1¼	5.75
World Bank 4⅞ 91	100	90	90½	−0¼	−1	5.79

Average price changes...On day −0⅛ on week −2⅛

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90¼	91¼	0	0	8.68
Australia 6½ 88	20	86½	86½	0	−0¼	9.00
EIB 7⅞ 89	12	97¼	98¼	0	0	8.01
Finland 5.6 83	10	89½	90½	+0¼	+0¼	8.86
Finland 6.3 88	10	87¼	88¼	0	−0¼	9.01

Average price changes... On day 0 on week 0

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅞ 86 C$	25	85	85½	−1¼	−3¼	13.88
Bell Canada 10¾ 86 C$	60	89¼	89¾	−3¼	−3¼	13.21
Cr. Foncier 10¾ 84 C$	30	89¾	90¼	−0¼	−0¼	13.32
Ex. Dev. Cpn. 10 84 C$	50	90¾	90¾	−1¼	−1¼	12.90
Fst. Can. Inv. 10 84 C$	50	88¼	89¼	−1¼	−1¼	13.45
Hudson Bay 10½ 89 C$	60	85¼	86¾	−2¼	−3¼	13.11
Quebec 10½ 86 C$	50	88¼	89¼	−1¼	−1¼	12.87
R. Bk. Canada 10 86 C$	40	89¼	89¾	−1¼	−2¼	12.44
R. Bk. Canada 10 94 C$	40	83¼	83¾	−1¼	−1½	12.52
Copenhagen 8⅞ 91 EUA	20	98¼	99¼	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	96	97	+0¼	+0¼	9.50
SOFTE 8⅞ 89 EUA	40	88¾	89¾	+0¼	+0¼	10.11
Algemene Bk. 8⅞ 84 Fl	75	97¾	98	0	0	8.84
Ned. Gasunie 8⅞ 84 Fl	50	98¼	98	—	—	9.08
Ned. Middbk. 8⅞ 84 Fl	75	96½	97	−0¼	−0¼	9.21
Norway 8⅞ 84 Fl	100	96	96½	0	0	9.37
Norway 8⅞ 84 Fl	100	96	96½	0	0	9.25
Philips Lamps 8⅞ 84 Fl	75	98¼	97¼	—	—	9.22
Air France 11 84 FFr	120	†97¼	98¼	−0¼	−0¼	11.61
Euratom 9⅞ 87 FFr	150	85¾	86¾	+0¼	+0¼	12.71
Finland 11 84 FFr	80	†95	96	0	−0¼	12.28
Finland 11½ 89 FFr	70	†94	95	−0¼	−0¼	12.48
Gaz de France 11 84 FFr	150	97¾	98¼	+0¼	0	11.61
IBM France 11⅞ 84 FFr	120	†96½	97½	+0¼	−0¼	12.72
Renault 9⅞ 85 FFr	100	88¾	89¼	+0¼	0	12.59
Saint-Gobain 9⅞ 86 FFr	130	85¾	86½	0	−0¼	13.16
Solvay et Cie 9⅞ 87 FFr	125	83¾	84¼	−0¼	+0¼	13.40
Total Oil 9⅞ 87 FFr	150	82¾	83¾	−0¼	−0¼	13.09
EIB 11½ 91 £	25	87	87½	−0¼	−0¼	13.72
Finance for Ind. 13 91 £	15	96½	97	−0¼	+0½	13.59
Fin. for Ind. 12½ 89 £	30	93¾	94	−0¼	−1¼	13.58
Gen. Elec. Co. 12½ 89 £	50	93¾	94¼	−0¼	−1¼	13.62
Indonesia 8⅞ 91 KD	7	†92½	93¼	0	−0¼	9.76
Mitsubishi 7½ 84 KD	10	†95¼	95¾	0	0	8.69
Norges Kom. 7½ 89 KD	12	†93¼	93¾	0	0	8.51
Occidental 8⅞ 91 KD	7	†90¼	90¾	0	0	9.66
Akzo 9⅞ 87 LuxFr	500	94¾	95½	0	0	10.12
Euratom 8 87 LuxFr	500	90¾	91¼	0	0	9.75
Euratom 9⅞ 88 LuxFr	500	99	100	0	−0¼	9.84
Oslo, City of 8 89 LuxFr	500	90½	91½	0	+0¼	9.50
Volvo 9⅞ 87 LuxFr	500	97¾	98¼	0	0	10.65

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅞ 87	0¼	97¼	98¼	2/7	15¼	15.41
Banco di Roma Int. 6 87	0¼	99¾	100¼	26/4	15¼	15.77
Banco Urquijo 6 86	0¼	97¼	97¾	21/3	13¼	13.70
Bank of Ireland 5⅞ 89	‡0¼	97¼	97¾	21/2	15.69	16.09
Bank of Tokyo 5⅞ 89	0¼	97½	98	25/4	14.56	14.90
Barclays O/S Inv. 5 90	0¼	97	97½	13/6	14¼	14.65
Bergen Bk. A/S 6 89	‡0¼	96½	97	29/2	14.31	14.79
Bque. Indo Suez 5⅞ 89	0¼	98¼	98¾	11/7	14.69	14.93
Citicorp O/S F. 5 94	‡0¼	98¼	98¾	8/3	14.44	14.60
Citicorp O/S F. 83	§10	99¾	100¼	23/2	15¼	15.14
Citicorp O/S F. 84	‡0	98¼	99¼	29/2	15	15.08
Co-operative Bk. 6 86	0¼	97¼	98¼	15/5	15.06	15.39
Creditanstalt 5½ 91	§‡0¼	98¼	98¾	14/3	14¼	15.10
CNT 5⅞ 86	§0¼	99¼	99¾	15/4	15.19	15.24
GZB 5½ 89	0¼	98¼	98¾	1/2	16.19	16.41
Jugobanka 8 89	0¼	92	93	23/5	16	17.30
Ind. Bank Japan 5⅞ 87	0¼	97	97½	15/4	14¼	14.85
LTCB Japan 5⅞ 86	0¼	97½	98	13/6	14¼	14.58
LTCB Japan 5½ 89	0¼	97¼	97¾	7/8	14.19	14.57
Mfrs. Han. O/S 5⅞ 94	‡0¼	98¼	98¾	29/2	13.81	14.01
Midland Intl. Fin. 5 89	0¼	99¾	100¼	20/6	15	15.02
Nacional Fin. 6⅞ 86	0¼	97¼	98¼	25/7	14.69	14.99
Nat. West. 5⅞ 94	§0¼	97¼	98¼	11/4	14.94	15.24
Nippon Cred. Bk. 6½ 86	0¼	97¼	97¾	12/7	14.44	14.81
Royal Bk. Scot. 5⅞ 94	§‡0¼	98¼	98¾	11/4	14¼	14.86
Soc. C. de Bque. 6½ 87	0¼	96¼	96¾	3/4	13¼	13.71
Sogenal 5⅞ 89	§0¼	96¾	97¼	13/7	14.44	14.90
Sweden 5⅞ 91	‡0¼	97¼	97¾	18/4	14.44	14.79
TVO Pwr. 9 91 (D-lock)	0¼	97¼	98¼	24/5	15.31	15.85
Williams & Glyn 5⅞ 91	0¼	96¾	97¼	14/3	13	13.40
Bq. E. d'Alg. 4⅞ 89 SF	0¼	99¼	100	18/8	6.69	7.12

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅞ 89	10/79	145	101¼	102¼	−0¼	−11.04
Alco Int. Fin. 9½ 94	1/80	40	95½	96½	+2	14.63
Asahi Optical 7 94	11/79	665	92¾	93¾	−1¼	11.26
Canon 6⅞ 94	8/79	570	101¼	102	−1¼	1.78
Ciba-Geigy O/S F. 4 94	9/79	675	86	87	−0½	0.31
Credit Suisse 4⅞ 93	10/79	1325	110¼	111¼	+0¼	−0.51
Daiei Inc. 6½ 94	11/79	1020	96¾	97¾	−0½	7.68
Esselte 7⅞ 89	9/79	159	92	94	0	−2.69
Honda Motor 5½ 89	5/79	532	102¼	103¼	−3¼	2.68
LPC Internatnl. 8 89	9/79	35	109¼	110¼	0	1.43
Maidensha Elec. 7 94	12/79	210	93¾	94¾	+1¼	14.53
Mitsubishi Cp. 6⅞ 94	10/79	604	126¼	127¼	−2¼	4.38
Nippon Seiko 7⅞ 94	12/79	339	93¾	94¾	−0¼	1.22
Nitto Elec. Ind. 6 94	7/79	735	81	82	+0¼	14.84
Toshiba Cpn. 7⅞ 94	10/79	186	98¼	99¼	+0¼	3.44
Union Bk. Switz. 5 89	2/80	125	110¼	111¼	−0¼	4.17
Fujitsu 5 84 DM	7/79	476	38¼	39¼	+0¼	20.84
Kansai Elec. 4 84 DM	4/79	1234	85½	86½	+0¼	50.64
Tokyu Ld. Cp. 4 86 DM	4/79	498	78¼	79¼	+0¼	42.25
Uny Co. 6½ 85 DM	11/79	1071	94¾	95¾	+0¼	13.39

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Sharp fall in U.S. bank lending to LDCs

By Nicholas Colchester

CAPITAL CONSTRAINTS and exposure to the loan risk of less developed countries (LDCs) are part of the reason why U.S. banks have substantially slowed their lending to developing countries, Mr. Henry Wallich, a governor of the Federal Reserve Board, told a conference in New York last week.

He pointed out that between December 1975 and June 1979, the U.S. bank's share of all international claims on non-oil LDCs droped from 54 per cent to 38 per cent, while their share in annual net new lending to such countries dropped from 46 per cent ($13bn) to 15 per cent ($6bn).

Mr. Wallich thought that risk exposure was one of the main sources of restraint. "The banks have to watch carefully their concentration ratios, which are monitored by means of the Fed — Federal Deposit Insurance Corporation — Comptroller of the Currency risk evaluation system. These focus on the percentage of capital exposed to risk in each particular country," he explained.

For many LDCs, exposures would be "listed" by the authorities if their extent exceeded 10 per cent of a bank's capital funds, and exposures of more than 15 per cent would receive special comment in the examination reports, Mr. Wallich said. "The largest LDCs would be subject to such coment in a number of U.S. banks"

While explaining that such comment did not constitute a ban, Mr. Wallich went on: "If banks with exposures above the comment level wished to avoid an increase in these exposures, their lending could only increase in proportion to the growth of the capital, i.e. roughly 10 per cent."

Philips in chemicals sale to Solvay

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, is to sell its chemicals and pharmaceutical subsidiary, Duphar, to the Belgian chemicals group, Solvay.

The two companies, it is announced, have reached an agreement in principle on the transfer of activities which produce turnover of around Fl 500m ($263m) in crop protection and veterinary and pharmaceutical products.

Solvay is holding parallel discussions with North American Philips to take over Duphar and other chemical operations in the U.S. worth around Fl 600m in annual turnover. Duphar has a workforce of 2,500, of whom 2,000 are in the Netherlands.

The financial details of the transactions still have to be settled, Philips said.

The Dutch company has been trying to sell its Duphar activities for the past eight years. Talks with a number of chemical groups, including the Dutch company, Akzo, Dow Chemical of the U.S. and Schering of West Germany, all failed.

Philips recently concluded that Duphar would have to be split up despite the opposition of the unions. Schering took over its crop protection and leaf fertiliser activities in West Germany. In November, 1978, Mallinckrodt of the U.S. and the BYK-Gulden Lomberg Chemische Fabrik of West Germany each took a half-share in Duphar's radio-active isotope activities.

Duphar recently began making modest profits after eight years of losses. In the longer term though, Philips saw no future for these activities within its electrical equipment business.

The Dutch unions are involved in discussions over Duphar's future but Philips has said the transfer will not affect its personnel.

The takeover is in line with Solvay's efforts to strengthen its pharmaceutical activities, Philips said. It will supplement the operations of Solvay's West German subsidiary, Kali-Chemie. Solvay already employs 1,850 of its 45,000 workforce at 11 establishments in the Netherlands. It has group sales of Fl 6.5bn ($3.4bn).

● Philips' cable-making subsidiary, NKF, is studying the merger of two plants in Delfzijl which could lead to the loss of up to 150 jobs. Delays in the expected switch to plastic insulated telephone cables from paper-coated cables has meant machinery for the latter must be renewed. Philips has already announced plans to shed 465 jobs at its Draka cable subsidiary because of poor markets and increasing competition.

Perstorp increases turnover

BY VICTOR KAYFETZ IN STOCKHOLM

PERSTORP, the Swedish chemicals and plastics maker, had unchanged pre-tax earnings of SKr 43m ($10.4m) in the first four months of the financial year that began on September 1. Sales rose by 21 per cent to SKr 52.3m ($126m).

Three-fourths of the increase resulted from higher prices. The rest was attributable to a rise in volume in all Perstorp companies. The group is sticking to its December forecast that earnings in financial 1980-81 will be about the same as the SKr 111m recorded last year.

Mr. Karl-Erik Sahlberg, the managing director, wrote last month in the annual report that Perstorp had reached a peak in 1978-79 and growth would flatten out in the current year. This month he told the annual general meeting that the group's markets would bottom out early in 1981, but expressed confidence that Perstorp's structural changes of recent years had created sufficient strength to more than outweigh this market trend.

Mr. Sahlberg emphasised the long-term economic and strategic importance of the recent shift from oil to coal heating at some Swedish factories, where oil-based steam costs three times as much as in the group's Toledo, Ohio, factory and 25 per cent more than in the UK factory at Aycliffe, Darlington. He indicated that during 1980 Perstorp would probably approve plans for forward integration of existing plastic production in the U.S. and Britain.

During September-December, sales by Perstorp Chemicals rose by 31 per cent to SKr 228m, while Perstorp Components recorded a 20 per cent rise in turnover to SKr 164m.

Smaller Perstorp companies also showed higher sales, except Perstorp Brazil, whose turnover dropped from SKr 55m to SKr 53m. A 30 per cent devaluation of the cruzeiro in December reduced the latter company's operating income by SKr 3m and currency exchange losses in Brazil had a negative impact on group earnings.

Investments for the four-month period doubled to SKr 40m, a trend expected to continue for the rest of the financial year. Major projects include a new impregnating and laminate pressing facility in Brazil, a factory in Britain to make amino moulding compounds and improvements at existing southern Swedish factories that make polyalcohol, moulded goods and continuous laminates.

Liquidity and solvency are good but both are expected to decline later this year because of increased investments, partly externally financed.

Heavy foreign demand on Oslo Bourse

By Fay Gjester in Oslo

FOREIGN investor interest in the Oslo bourse rose steeply in the last quarter of 1979 following central bank concessions aimed at easing the restrictions on foreign investment in Norway.

For the year as a whole, currency licences amounting to NKr 19.5m were issued to foreigners wanting to buy Norwegian shares and bonds, compared with NKr 2.5m in 1978. The Bank of Norway said that most of the licences were issued in the final quarter of the year after the central bank's announcement in October that non-residents could buy quoted shares and bearer bonds up to a limit of NKr 1m ($204,000). The earlier limit was NKr 50,000.

Market sources say UK and German investors have been particularly active, and some blocks of shares have gone to foreign insurance companies.

The foreign interest has been one of several factors holding up share prices on the Oslo Bourse over the past few months. Another is a recent Norwegian Government ruling allowing banks, life insurance companies and pension funds to cover part of their placement obligations, under the credit law, by increasing their holdings of Norwegian shares and bearer bonds.

● Norwegian commercial banks, savings banks and insurance companies could increase their shareholdings by a maximum NKr 700m to NKr 800m per year from 1980 to 1985, the Norwegian bankers association said in an economic survey, writes Reuter from Oslo. This would result from changes in monetary and credit laws which allow the institutes to use investment in shares to some extent to comply with their present compulsory investment quotas for bearer bonds.

Swiss insurer to hold dividend

BY JOHN WICKS IN ZURICH

SATISFACTORY underwriting profits and the prospect of a maintained dividend were announced yesterday by the Swiss insurance group, Baloise.

Baloise Holding, the parent company, and the Baloise Life Insurance Company, together with the French insurer, Cordialite-Baloise, expect to be able to pay an unchanged dividend of 14 per cent for 1979.

According to shareholders, consolidated premium income amounted to some SwFr 1.4bn ($869.5m) last year, an increase of some 7 per cent. Results were affected "only slightly" by exchange rate fluctuations, and underwriting profits are said to have been generally satisfactory. The rise in interest rates in the second half of the year, however, led to increased write-offs on security holdings, particularly in the case of the Baloise Insurance Company.

Premium income is reported to have risen by some 6 per cent for Baloise Insurance, by 10 per cent for Baloise Life Insurance and 3 per cent for the Paris-based Cordialite-Baloise. For 1980, the holding company expects premium income growth for the group at about the same rate as last year and a continuation of satisfactory underwriting earnings.

* * *

THE BASLE Stock Exchange reports a 28.2 per cent rise in turnover to SwFr 25.39bn ($15.97bn) for 1979, a record for the Bourse, which lists over 300 domestic and foreign shares and about 1,700 bonds. The previous highest level was SwFr 23bn in 1976. The number of bargains booked in Basle during 1979 rose from 74,771 to 82,291, but this was still below the level recorded in the 1975-77 period.

Veba explains petrol margins

DUESSELDORF—Veba Oel AG is earning a profit of 1.8 pfennigs before tax, or almost 1 pfennig after tax on each litre of petrol it sells following the latest petrol price increases.

Herr Fritz Oschmann, managing board chairman, said that this was the "minimum we need to finance necessary investment for the future."

Veba Oel has a 54 per cent stake in Aral AG, West Germany's biggest petrol station operator, which raised its petrol prices by 8 pfennigs a litre on January 21.

Reuter

Austrian savings bank to float Sch 975m loan

BY PAUL LENDVAI IN VIENNA

GIROZENTRALE, AUSTRIA'S leading savings bank, is to float its first loan issue of the year this month to raise Sch 975m ($78m). The issue, with a coupon of 8 per cent, will be in two tranches, the first for seven years at par and the second for 10 years at 99.5 per cent.

Announcing the issue, Dr. Karl Pale, chairman and general manager of Girozentrale, said that the bank's consolidated balance sheet total had risen last year by 17 per cent to a record Sch 140bn ($11.25bn).

Dr. Pale said that last week's rise in the Austrian bank rate to 5.25 per cent made a rise in the 8 per cent capital market interest rate unnecessary. He estimated that the prime rate on loans would stabilise at about 9.5 per cent. The bank rate increase will effectively bring the capital market rate back into line with prevailing market rates, he said.

Irish builder lifts profit

By Our Financial Staff

PROFITS of Abbey, the Dublin-based group which makes half its earnings from UK house building, plant hire and property development interests, rose by 45 per cent from Irish £1.47m to Irish £2.14m ($4.64m) in the six months ended October 31, 1979. The directors are confident of further improvement in the current half-year despite the present economic climate.

FOREIGN INVESTMENT IN MEXICO

Oil reserves a powerful magnet

BY WILLIAM CHISLETT IN MEXICO CITY

NEW FOREIGN investment in Mexica this year is officially expected to be $1.2bn, a 48 per cent rise over last year's $810m.

This hefty rise with Japan greatly increasing its contribution, is a clear sign of the international stamp of approval being given to the oil-rich Mexican economy. Mexico's economic horizon is considered to be so promising, despite the tremendous social problems, that foreign investors are now pouring through the offices of the Industry Ministry's Foreign Investment Committee.

The Government's investment law of 1973, which limits foreign investors to 49 per cent ownership, has not proved, despite complaints, a disincentive to invest. This restriction is somewhat offset by the liberal treatment given to foreign capital. There are no restrictions on remittal of profits, repatriation of capital, or convertibility of exchange.

Real GDP growth, around 7.5 per cent in 1979, is projected at 8 per cent this year and the country's industrial capacity is forecast to double in the next seven years.

The way in which investment has picked up since the 45 per cent devaluation of the peso in August, 1976, is almost a barometer of the way in which the economy—largely thanks to oil—has recovered from the recession brought on by the devaluation.

New investment was $327m in 1977, $383m in 1978, $810m in 1979, and $1.2bn this year.

Luckily for Mexico, the devaluation coincided with the discovery of immense oil reserves, now at 45.8bn barrels, the sixth largest proven reserves in the world.

Oil restored confidence to a despondent Government, facing growing social problems, faith to the international financial community, heavily committed in loans to Mexico—the public foreign debt is $30m. Most importantly, the oil revenue is swelling the state's coffers, because the country's oil industry is nationalised.

International approval of Mexico's oil-rich economy is reflected in the way that foreign funds are currently flooding into the country. The statistics for 1979 show a very sharp upsurge

The traditional investment pattern in Mexico has remained substantially unaltered, in that the U.S. rules the roost with $4.7bn cumulative investment at the end of 1979, 69.6 per cent of the total cumulative foreign investment of $6.8bn.

The Japanese are, however, now forging ahead far more dynamically than other countries, something which had been envisaged as a possibility and is this year clearly displayed in the official statistics.

Last year new Japanese investment was about $180m, bringing Japan's total cumulative investment to $362.3m, 5.3 per cent of the overall total. This year, according to Sr. Hector Alvarez de La Cadena, the Investment Committee's head, Japan could well move from fourth to second place in the investors league, increasing its share to 9.8 per cent.

Sr. de La Cadena estimates that over the next two to three years, new Japanese investment will be $1bn. There is no firm commitment from Japanese firms yet to invest such an amount, although the interest exists and "the matter is being studied."

Projects include a joint venture known as Grupo NKS between Japan's Kobe Steel, Nacional Financiera, the Mexican State development bank and Sidermex, the state holding company for the steel sector, to produce capital goods. Total capital involved in this project is 6.3bn pesos ($278.7m).

The Japanese are also showing particular interest in the electronics fields. Matsushita, which produces panasonic equipment, set up last year and Sony is in the process of establishing an in-bond plant near the U.S. border.

The share taken by the U.S. could well drop to around 66 per cent of total cumulative investment by the end of the year, compared with 69 per cent, because of the strong showing by Japan, and, to a lesser extent, West Germany, whose contribution could rise from 4.6 per cent of the total to 5.1 per cent. Spain's share is also expected to go up, from 1.8 per cent to 2.9 per cent.

U.S. investment this year, according to the U.S. Department of Commerce, will be at least $770m, a figure which tallies with forecasts from the Mexican Investment Committee. The main U.S. investments are 11bn pesos ($486.7m) by General Motors and 6bn pesos ($265.4m) by Chrysler to increase their respective production.

Mexico is exercising considerable discrimination in the areas in which foreign investment is allowed. "We have no need of new shoe factories or furniture firms," Sr. de La Cadena said.

Policy is to follow strictly the National Industrial Development Plan announced early last year, which spells out decentralised priority areas, including two industrial port areas on the Pacific coast, Lazaro Cardenas and Salina Cruz, and two on the Gulf Coast, Tampico and Coatzacoalcos. The priority sectors are manufactured and capital goods.

Sr. de La Cadena said that industry had not yet started moving to the four port areas, but that once the infrastructure had been completed, particularly at Lazard Cardenas, where the country's largest steel mill is being built, he expected a sudden rush.

Tax credits of up to 25 per cent and price discounts on electricity, natural gas and fuel oil of up to 30 per cent in proirity areas are an added attraction on the bright economic horizon.

Sr. de La Cadena said that no changes were envisaged in the investment law. "Proof of its acceptance is that so many companies want to invest in Mexico."

China in talks with Japan over foreign bond issues

BY RICHARD C. HANSON IN TOKYO

TOP-LEVEL delegations from two major Japanese securities houses, Daiwa and Nikko, have been invited to China in March to discuss the possibility of China placing yen and dollar bonds in Japan. The invitations indicate a growing Chinese interest in tapping the international capital markets.

Daiwa Securities has been invited by the China Trust and Investment Corporation, while Nikko will be travelling at the request of the Bank of China, the central bank.

The Japanese are optimistic that some kind of arrangements can be made to allow China to make its debut in the Samurai bond market. There are a number of factors, however, which would have to be settled before an issue could be made. The main purpose of the delegations will be to explain the necessary procedures.

Two main problems appear to be involved in a Chinese bond issue. Firstly the issue would probably have to be made on a private placement basis, because of difficulties that the Chinese could expect in meeting disclosure requirements in Japan on a publicly issued bond—similar to those in the U.S. Secondly, the Chinese would be unlikely to accept normal commercial rates and commissions on a bond.

Neither of these two factors (along with a number of more technical problems which would arise in a Chinese issue) appears significant enough to dampen the Japanese interest in arranging an issue. As in other business dealings with China, the Japanese securities houses are more interested in the potential long-term benefits of working with China than in short-term profits.

The scale of any possible issue remains uncertain, but it is thought that the Chinese would initially be seeking more than the Japanese would be willing to lend. China's future borrowing needs are considered to be large enough to make a gradual approach the wisest way.

Unlike government-to-government financing, which the Chinese have been arranging successfully since launching their new development plans, the private placements of bonds would probably be aimed at developing commercial industries which would be able to export their products. Most official finance from Japan is tied to development projects designed to improve China's infrastructure (railways, ports, etc.), or to develop natural resources.

The Japanese would probably handle a yen-denominated private placement on their own, foreseeing good demand for the issue at home.

Further growth at TDK Electronics

By Yoko Shibata in Tokyo

TDK ELECTRONICS, Japan's major manufacturer of ferrites and magnetic tapes, achieved the fourth consecutive year of growth in consolidated sales and earnings in the year ended November 30, 1979.

TDK's consolidated net earnings advanced strongly by 26.6 per cent to Y15.67bn ($65.6m), on consolidated sales of Y156.89bn ($656m), up 24.3 per cent over the previous fiscal year. Earnings per share also reached a record of Y156.01, compared with Y123.27

The company's vigorous sales performance was attributed chiefly to a sharp surge in the sales of magnetic recording tapes, including music tapes and VTR tapes, which jumped by 37.4 per cent to account for 44.2 per cent of total turnover. TDK holds the lead in market share for music tapes in the U.S. and UK markets, and about 80 per cent of VTR tapes of the VHS formula (Matsushita and Victor). Brisk sales of new products, such as multi-layer capacitors, contributed to strong overall sales.

The company's overseas sales advanced sharply by 56.2 per cent to Y53.25bn to account for 33.9 per cent of total sales. The upsurge in overseas sales was largely the result of a dramatic gain in sales of magnetic recording tapes, which accounted for more than half of the total overseas sales.

Increased production of magnetic recording tapes, coupled with rationalisation measures, accounted for the sharp gain in net profits.

At the same time TDK announced results for the parent company. Non-consolidated sales were Y144.3bn, up 23.8 per cent over the previous fiscal year. Non-consolidated operating earnings rose 31.8 per cent to Y30.1bn, and non-consolidated net earnings went up by 27.5 per cent to Y14.28bn. Non-consolidated per share profits were Y142.24, compared with Y122.75 a year earlier.

For the current fiscal year ending November, 1980, TDK faces price rises in such raw materials as silver and plastic. However, the company is confident of covering cost increases by raising product on the back of continuing strong demand for magnetic recording tapes and by passing on the increases in retail prices. Consolidated sales and earnings are expected to grow by 15 per cent

Overall capital expenditure for the current fiscal year is planned at Y16bn.

At the end of November, 1979, the Kuwait Government held 612,000 shares, and the Government of Qatar Investment Fund 109,000 shares.

Toray shows sharp decline under U.S. accounting methods

BY OUR TOKYO CORRESPONDENT

TORAY INDUSTRIES, Japan's leading producer of synthetic textiles, said yesterday that its consolidated net income for the half-year to September 30 fell 65.5 per cent to Y5.05bn ($21m). The company blamed the decline on foreign exchange translation losses resulting from the adoption of U.S. accounting practices.

Before the translation losses and taxes, first-half operating income was up by 120.1 per cent, reflecting brisk demand in the domestic market. Sales on a consolidated basis were up 16.3 per cent to Y288.98bn ($1.2bn).

Toray estimated that its net profit for the period was cut by Y6bn through translation losses.

Toray said that a truer reading of its performance during the half-year could be found in the parent company statement released late last year. Parent company sales were up 11.1 per cent to Y227.1bn, and net profit recovered by 133.8 per cent to Y7.4bn from the poor showing of a year earlier.

The company expects that sales for the full year to March 31 will rise to more than Y600bn from Y498bn last year. Net income will be little changed or show a slight decline at around Y10bn.

Wardley full-year profits rise by more than half

BY ANTHONY ROWLEY IN HONG KONG

WARDLEY, the merchant banking arm of the Hongkong and Shanghai Banking Corporation, increased its net profits last year by more than 50 per cent to HK$73.1m (US$15m). The company, which is incorporated in Hong Kong but also operates in Singapore, Thailand, Japan, the Philippines and the New Hebrides, increased its total assets in 1979 from HK$2.94bn to HK$5.52bn (US$1.15bn).

The sharp increase in profits and assets ran counter to the forecast made by Mr. John Boyer, the chairman, that 1979 was unlikely to provide favourable conditions for the profitable increase of business. However, exchange gains, reflecting the weakness of the Hong Kong dollar throughout much of last year, benefited earnings, as did the marked upturn in offshore loan business out of Hong Kong in the latter part of last year.

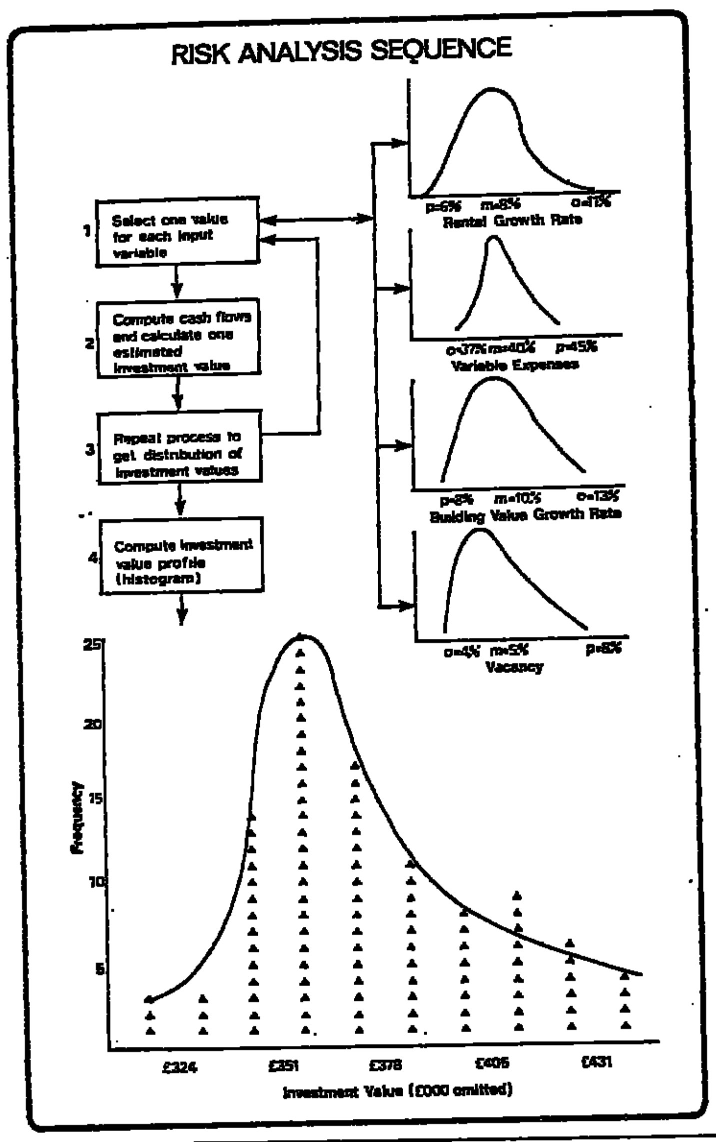
A U.S. example of analysing property investment

BY PROFESSOR EDGAR H. HEMMER

ALTHOUGH the rules governing property development and investment differ, many problems are the same on both sides of the Atlantic. We have, however, developed different ways of evaluating our respective valuation and investment problems, and this summary of important features of the American approach provides a comparison with British practice.

Initially we should recognise a tendency to confuse or commingle property returns and values with those of the business as a whole, in which the property involved is but one component of total corporate assets. This discussion relates only to returns on and values of property. From an investment viewpoint, property returns should exceed returns available from alternative investment opportunities of equivalent risk. In general, the Americans prefer to compare investments of similar duration, but recognise that the present value of any funds to be received beyond 35 or 40 years hence is essentially nil.

American practice almost universally establishes value as the discounted present worth of future cash flows; a redemption yield calculation. Investors buy property only for what it will earn in the future, and the value at any point in the future, is solely an estimate of earning power after that date.



If market-determination variables are used in the redemption yield process, then the result is an estimate of market value.

If an investor's requirements are substituted into the valuation equations, then the result is an investment value. Note that investors in different circumstances will calculate different values for the same property at a given time.

In either case, the appropriate capitalisation rate is market determined, varies with the quality or risk of the investment, and in the U.S. is remarkably uniform nationwide at any given time for each investment risk category.

An important dimension of the valuation process is the need to identify and analyse causes of uncertainty. Uncertainty represents risk, defined as the probability that the investment or market value has been overestimated. The over estimate would not necessarily be the fault of the valuation process, but a result of uncertainty in estimating future events.

In the past, and with simple procedures for analysing properties or development projects, a single value estimate was/is usually found representing the valuer's "most likely" estimates for each obviously significant variable. However, these "most likely" estimates do not indicate how much confidence the investor or valuer has in his numbers. Furthermore, the combination of some variables of lesser individual importance may in aggregate have a significant influence on a desired valuation figure.

This simple procedure can be improved if the investor will specify a "pessimistic," "optimistic," and "most likely" estimate for each input variable, together with the variable's profitability distribution. These quantities will *not* be found "written in stone."

A primary source of such information is to ask experts in the market what anticipated yields and other data they are using in their analyses of buy/sell decisions. Essentially one should use the same sources we would go to for our "most likely" estimates. We can now calculate a range of possible investment values which incorporates some of the uncertainties expected to affect future events.

The major problem with the above procedure is the number of calculations required. We need to weigh the selected values of our input variables, such as rental growth rate, according to the likelihood or probability of their occurrence. To overcome the calculation problem, computer valuation programmes (models) are in wide use in the U.S. Most large users have developed sophisticated models adapted to their special needs. However, basic programmes are described and discussed in several of our professional journals, and are thus available to any user with the appropriate computer equipment. There is a much wider exchange of such information in the U.S. than in Britain.

Procedure

Reference to the chart will help clarify the analysis procedure just described. The vertical scale on each graph represents frequency of occurrence, and p, m and o are, respectively, pessimistic, most likely and optimistic estimates for the input variable identified under each small curve. Not all the input variables are shown.

One specific value within the pessimistic to optimistic range is chosen by the computer programme for each input variable, based on its probability of occurrence, and an estimate of investment value is calculated. The process then is repeated many times, giving a number of different combinations of all the input variables, and a single distribution of investment values is the large curve at the bottom of the figure.

In the example shown, if a property is purchased for £351,000, there is a 20 per cent probability that the price will have exceeded investment value. However, there is an 80 per cent chance that investment value will exceed this price. If, on the other hand, the purchase price were only £325,000, there is only a 3 per cent chance that the investor will have paid too much (merely count the triangles to the left of the relevant value).

This type of analysis provides many benefits, even in a market where too much money is chasing too few properties, as in the current British market for prime shops. With present practice, broad assumptions taken into account by valuers are seldom stated in sufficient detail for effective verification of value.

Furthermore, property managers are seldom truly objective with respect to their valuation of the assets they manage. There are significant risks in attempting to predict future cash flows; risks that are now not specifically identified, much less analysed. In fact, there is evidence that in the recent British market some properties were overvalued as a result of excessive market expectations, and lenders can probably be expected to place more emphasis on objective cash flow projections in the future. With the type of analysis described above, investment assumptions and investment risk are both made explicit, providing for a resolution of the difficulties just cited.

Computer valuation models are extremely flexible. They can be used to determine the price an investor can afford to pay for a property and yet meet stated investment objectives. Alternatively, they can show the extent to which investment objectives will be foregone if a high asking price is agreed on. They can be used to compare expected results of one property investment with another, and with non-property opportunities such as equity shares, gilts, or even with a Lloyd's syndicated risk opportunity.

It should be obvious that proper evaluation of these alternatives requires assessment of relative risk, as well as comparison of returns.

Many property and investment managers talk about a property balanced portfolio, but they are far from clear as to how proper balance is determined. Even within the property sector, balance appears to be almost totally subjective. Many people assert that Oxford Street property is exceptionally desirable because of its very high turnover. Yet prime shop properties return an average of only about 4 per cent.

There is an assumption that the growth of property values, when combined with these low returns, will exceed any alternative investment return. An article in Shop Property (October 1979) indicates that this has been true for prime shop properties since 1962. But is it likely to be true in the future, especially if development restrictions are relaxed? There is evidence that past turnover expectations for many properties have not been achieved, and this development seems more likely in the future.

The Barbican—a prime property development in the City of London which might profit from Professor Hemmer's scientific approach to investment

Tax laws

In the U.S. much more emphasis is on the credit-worthiness of the tenant than on the property type or location. For example, the signature of Sears Roebuck on a shop lease, whether in a prime or secondary location, provides no better security than the same signature on the lease for an office block or a warehouse. Sears Roebuck simply will not fail to pay all amounts stipulated in every lease.

Returns on investments in these various types of property vary in the U.S. as they do here, but it would be preferable to sign a lease with Sears for property in an industrial estate at 8 per cent rather than *anyone* in prime shop space at 4 per cent. The objective is to maximise returns within desired constraints on risk. In other words, many American investors balance property portfolios primarily according to risk classifications rather than property types.

Over a period of time, properties of several types will be acquired because as money moves away from properties offering lowest returns, values stabilise or decrease and returns increase. Meanwhile, returns on the total property portfolio have been enhanced.

Largely because of differences in our tax laws, American developers and investors sell properties much more frequently than is customary here. Computer models described earlier are used to determine the optimum holding period. U.S. and British tax rules for industrial properties are similar in all important respects. Yet such properties held as investments in the U.S. are often sold.

The point to be noted is that the concept of permanent ownership is probably not the most profitable for many property investments. One may elect not to sell a specific holding, but prudent management of a property portfolio requires analysis of optimum holding periods as well as risks and returns.

Many American property owners programme major renovation and modernisation of property they hold at least every 20 years. However, sinking funds are not used to accumulate replacement capital for this purpose. Mere replacement of capital in terms of pounds sterling will not recover the earning power of the original sum. If properties are in fact the prime investment they are alleged to be, it is more sensible to invest the profits earned from one property in an alternative property which will more nearly maintain earning power. Even short-term gilts should be superior to a sinking fund. Returns achieved on intermediate profits but invested until required for periodic renovation influence the appropriate holding period of a property.

One important benefit of extensive modernisation or renovation of British properties could be the opportunity to replace sub-standard or marginal tenants not otherwise vulnerable because of protection afforded them by the Landlord and Tenant Act.

Use of computer analysis will not increase the return from a poor project. However, it greatly increases confidence in the accuracy of the calculations, identifies the critical variables, provides an assessment of project risk, and permits comparisons with alternative investments which help determine the optimum holding period.

Unfortunately, no really good source of information on current practice in this field is available here, but Real Estate Review, a quarterly journal published by Warren, Gorham and Lamont Inc., 210 South Street, Boston, Massachusetts 02111, is well worth the trouble required to obtain at least a review copy. In addition, the author will attempt to provide help with inquiries addressed through the City University Business School, or to Wright State University, Dayton, Ohio 45435.

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Pound easier

Sterling lost ground against most major currencies yesterday, partly on fears over the steel workers' strike and the possibility of further industrial unrest. Trading was fairly subdued for much of the day and sterling's trade weighted index remained at 17.6 for all three of the day's calculations, compared with Friday's close of 71.9. Against the dollar it opened at $2.2600 and dipped to $2.2580 before coming back to touch $2.2640. Trading for much of the morning and early afternoon took place around the $2.2625 level. The pound reached its best level for the day at $2.2645-2.2660, but during the last half-hour or so, increased demand for the dollar and the very thin conditions saw sterling fall to a low of $2.2460. At this level some natural demand or possibly a small nudge by the Bank of England helped it recover slightly to $2.2480-2.2490, still a loss of 1.55c from Friday.

The dollar showed little overall movement against the major European currencies and traded within a very narrow range in some cases. Against the D-mark the spread for the day was a mere DM 1.7335-1.7390. It closed at DM 1.7385 slightly up from Friday's level of DM 1.7350. In terms of the Swiss franc it rose to SwFr 1.6180 from SwFr 1.6150.

D-MARK—Very strong, but showing a steadier tendency within the European Monetary System recently—The D-mark showed an overall improvement in very quiet trading. Sterling fell to DM 3.9260 at the fixing against DM 3.9440 at Friday's fixing, while the Swiss franc eased to DM 1.0739 from DM 1.0773. On the other hand the dollar rose to DM 1.7349 from DM 1.7310, with little chance of any sharp fluctuations unless the situation in the Middle East alters radically.

DANISH KRONE—Basically weak, suffering two devaluations since EMS began last March—The krone was slightly firmer overall against its EMS partners with the D-mark easing to DKr 3.1255 from DKr 3.1265 at the fixing, and the guilder lower at DKr 2.8310 from DKr 2.8320. However, domestic money rates are likely to fall next week as large Government disbursements work their way through the system, and the krone will probably fall as a result.

FRENCH FRANC—Strongest member of the EMS since late December—The franc improved against all major currencies at yesterday's fixing except the U.S. dollar. Sterling was sharply weaker at FFr 9.184 against FFr 9.2450, the Belgian franc eased to FFr 14.4015, FFr 14.4265 per BFr 100, and the D-mark was lower at FFr 2.3395 compared with FFr 2.3432. The dollar rose to FFr 4.0595 from FFr 4.0560.

BELGIAN FRANC — Generally weakest member of EMS, but resists devaluation. — The franc was stronger against its EMS partners except for the lira and the French franc. Outside the EMS, sterling dipped at the fixing to BFr 63.785 from BFr 64.09, while the dollar was slightly firmer at BFr 28.19 against BFr 28.12.

JAPANESE YEN—Energy problems reflected in sharp decline last year, but steadier recently. —The decision by Saudi Arabia to increase the price of crude oil sales to Japan by $2 a barrel saw the yen fall against the dollar. The latter rose to a finishing level of Y240.20, compared with Y239.30 on Friday.

THE POUND SPOT AND FORWARD

Jan. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2460-2.2660	2.2480-2.2490	0.67-0.57c pm	3.31	1.70-1.60 pm	2.94
Canada	2.6130-2.6350	2.6150-2.6160	1.05-0.95c pm	4.59	2.40-2.30 pm	3.59
Nethlnd.	4.30½-4.35	4.31-4.32	3-2c pm	6.95	7-6 pm	6.03
Belgium	63.30-63.95	63.35-63.45	22-12c pm	3.22	53-43 pm	3.03
Denmark	12.16½-12.27½	12.17-12.18	1½ore pm-½ore dis	0.99	1½-3½ dis	-0.82
Ireland	1.0580-1.0630	1.0605-1.0615	0.07-0.17p dis	-1.36	0.20-0.30dis	-0.94
W. Ger	3.90-3.94½	3.90¾-3.91¾	3½-2¾pf pm	9.61	9¼-8⅛ pm	8.82
Portugal	112.50-113.50	112.55-112.85	par-50c dis	-2.66	20-120 dis	-2.49
Spain	148.80-149.75	148.85-148.95	5-55c dis	-2.42	20-120 dis	-1.88
Italy	1,815-1,828	1,815½-1,816½	6¼-8½lire dis	-4.96	21-23 dis	-4.85
Norway	11.02-11.13	11.02½-11.03½	8½-6½ore pm	6.16	17½-15½ pm	5.80
France	9.13½-9.21	9.14-9.15	4¾-3¾c pm	5.55	10¾-9¾ pm	4.48
Sweden	9.35-9.43	9.35¼-9.36¼	3¾-1¾ore pm	3.53	8½-6½ pm	3.21
Japan	537-547	539½-540½	4.60-4.35y pm	9.83	12.00-11.75pm	8.76
Austria	28.00-28.25	28.02-28.07	23-13gro pm	7.70	62-52 pm	6.13
Switz.	3.63-3.67	3.63½-3.64½	4-3c pm	11.54	10¾-9¾ pm	11.28

Belgian rate is for convertible francs. Financial franc 64.90-65.00. Six-month forward dollar 2.27-2.17c pm. 12-month 3.35-3.25c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2460-2.2660	2.2480-2.2490	0.67-0.57c pm	3.31	1.70-1.60 pm	2.94
Ireland†	2.1290-2.1315	2.1295-2.1315	0.80-0.70c pm	4.22	2.05-1.95 pm	3.75
Canada	1.1627-1.1639	1.1635-1.1638	0.13-0.10c pm	1.18	0.21-0.18 pm	0.67
Nethlnd.	1.9150-1.9170	1.9159-1.9163	0.75-0.65c pm	4.38	1.72-1.62 pm	3.49
Belgium	28.16½-28.20	28.18-28.20	3-1½c pm	0.96	3-1 pm	0.28
Denmark	5.4150-5.4210	5.4150-5.4165	0.65-1.75ore dis	-1.99	4.10-4.60dis	-3.21
W. Ger.	1.7335-1.7390	1.7380-1.7390	1.00-0.90pf pm	6.56	2.65-2.55 pm	5.98
Portugal	50.05-50.20	50.14-50.20	13-23c dis	-4.30	40-70 dis	-4.38
Spain	66.15-66.28	66.25-66.28	15-23c dis	-3.44	55-70 dis	-3.77
Italy	807.20-807.80	807.20-807.40	5-6lire dis	-8.17	14½-16 dis	-7.62
Norway	4.8995-4.9090	4.8995-4.9005	2.55-2.05ore pm	5.63	4.40-3.90 pm	3.39
France	4.0555-4.0635	4.0590-4.0610	1.03-0.93c pm	2.90	1.78-1.63 pm	1.68
Sweden	4.1590-4.1620	4.1590-4.1600	0.55-0.35ore pm	1.30	0.90-0.70 pm	0.70
Japan	239.60-244.40	240.20-240.30	1.50-1.35y pm	7.12	3.70-3.55 pm	6.03
Austria	12.457-12.47	12.46½-12.47	6¼-6gro pm	6.13	18½-16 pm	5.53
Switz.	1.6110-1.6200	1.6175-1.6185	1.24-1.17c pm	8.94	3.44-3.37 pm	8.42

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.578749	0.632069
U.S. $	12	1.31839	1.43922
Canadian $	14	1.53078	1.66661
Austria Sch.	5¾	16.3915	17.8895
Belgian F	10½	37.0731	40.4852
Danish K.	11	7.12853	7.78041
D'Mark	6	2.28215	2.49215
Guilder	9½	2.51944	2.75156
French Fr.	9½	5.34739	5.84179
Lira	15	1063.28	1160.73
Yen	6¼	315.625	344.553
Norwgn. Kr.	9	6.44429	7.04783
Spanish Pts.	8	87.1864	95.1899
Swedish Kr	10	5.47000	5.97376
Swiss Fr.	2	2.11997	2.31832

CURRENCY MOVEMENTS

Jan. 28	Bank of England Index	Morgan Guaranty changes %
Sterling	71.6	-35.0
U.S. dollar	85.1	-8.0
Canadian dollar	81.3	-16.7
Austrian schilling	157.8	+24.2
Belgian franc	115.4	+13.9
Danish kroner	108.9	-2.7
Deutsche mark	158.1	-46.3
Swiss franc	201.8	-80.5
Guilder	125.9	+20.3
French franc	102.4	-5.5
Lira	55.1	-49.6
Yen	117.5	-16.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 28	£	$		Note Rates £
Argentina Peso	3735-3755	1660-1670	Austria	27.95-28.20
Australia Dollar	2.0340-2.0360	0.9030-0.9055	Belgium	64.95-65.45
Brazil Cruzeiro	98.57-99.57	43.85-44.30	Denmark	12.25-12.31
Finland Markka	8.38-8.39	3.7020-3.7040	France	9.16-9.22
Greek Drachma	n.a	n.a	Germany	3.92-3.94½
Hong Kong Dollar	10.82-10.84	4.7820-4.7850	Italy	1860-1935
Iran Rial	n.a	n.a	Japan	541-546
Kuwait Dinar KD	0.610-0.630	0.2723-0.2724	Netherlands	4.33-4.35½
Luxembourg Frc.	63.35-63.45	28.18-28.20	Norway	11.09-11.17
Malaysia Dollar	4.9430-4.9550	2.1850-2.1870	Portugal	114-125
New Zealand Dlr.	2.2895-2.2955	1.0160-1.0170	Spain	143-156½
Saudi Arab. Riyal	7.54-7.64	3.3600-3.3605	Sweden	9.39-9.46
Singapore Dollar	4.8700-4.8820	2.1540-2.1550	Switzerland	3.64-3.65½
Sth. African Rand	1.8360-1.8380	0.8165-0.8175	United States	2.26-2.268
U.A.E. Dirham	8.40-8.50	3.7410-3.7420	Yugoslavia	48-51

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4626	+1.69	+1.46	±1.53
Danish Krone	7.72336	7.78065	+0.74	+0.51	±1.64
German D-Mark	2.48208	2.49117	+0.37	+0.14	±1.125
French Franc	5.84700	5.83043	-0.28	-0.51	±1.3557
Dutch Guilder	2.74362	2.75256	+0.33	+0.10	±1.512
Irish Punt	0.668201	0.674293	+0.91	+0.68	±1.668
Italian Lira	1157.79	1159.77	+0.17	+0.17	±4.08

Changes are for ECU therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.249	3.913	540.0	9.145	3.640	4.315	1816.	2.616	63.40
U.S. Dollar	0.445	1.	1.740	240.2	4.067	1.619	1.919	807.6	1.163	28.20
Deutschemark	0.256	0.575	1.	138.0	2.337	0.930	1.103	464.2	0.668	16.20
Japanese Yen 1,000	1.852	4.164	7.245	1000.	16.94	6.741	7.991	3363.	4.844	117.4
French Franc 10	1.093	2.459	4.278	590.5	10.	3.980	4.718	1986.	2.860	69.33
Swiss Franc	0.275	0.618	1.075	148.4	2.512	1.	1.185	498.9	0.719	17.42
Dutch Guilder	0.232	0.521	0.907	125.1	2.119	0.844	1.	420.9	0.605	14.69
Italian Lira, 1,000	0.551	1.238	2.154	297.4	5.036	2.004	2.376	1000.	1.440	34.91
Canadian Dollar	0.382	0.860	1.496	206.5	3.496	1.392	1.650	694.3	1.	24.24
Belgian Franc 100	1.577	3.547	6.171	851.7	14.42	5.741	6.806	2864.	4.125	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.90-14.00 per cent; three-months 14.15-14.25 per cent; six months 14.25-14.35 per cent; one year 13.70-13.80 per cent.

Jan. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	13¾-14	12½-13½	10½-10¾	1¼-1½	7½-7¾	11¾-12	20½-27½	—	4¼-8
7 days' notice	17¾-18	13⅞-14¼	12½-13½	10½-10¾	1¼-1½	7-7	11¾-12	24½-27½	14-14¼	7-8
Month	18-18½	15-15¼	13⅝-14	10¾-11⅛	5⅜-5⅝	8¼-8⅜	12¼-12½	23½-25½	15-15	7¼-8
Three months	17⅝-17⅞	14⅞-14⅞	13¾-14⅛	10⅞-11⅛	5¼-5½	8⅜-8½	12½-13	22½-25½	14¼-14¾	8½-9½
Six months	16¾-17	14½-14¾	13⅝-14	10-11¼	5¼-5	8¼-8¼	13½-13	21-22	14¼-14¼	8½-8¾
One year	15⅞-16⅛	14-14¼	13-13½	11-11¼	5-5¼	8¼-8½	13-13	20-21	14-14	8-8

Long-term Eurodollar two years 12½-12¾ per cent; three years 12½-12¾ per cent; four years 12¼-12½ per cent; five years 12¼-12½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on January 28, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange to the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bn) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (cr) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	95.00
Albania	Lek	10.05
Algeria	Dinar	8.6670
Andorra	French Franc	9.145
	Spanish Peseta	148.90
Angola	Kwanza	68.685
Antigua (S)	E. Caribbean $	6.11
Argentina	Ar. Peso Free Rate	3,745
Australia (S)	Australian $	2.0350
Austria	Schilling	28.045
Azores	Portug. Escudo	112.70
Bahamas (S)	Ba. Dollar	2.2485
Bahrain (S)	Dinar	0.884
Balearic Isles	Spa. Peseta	148.90
Bangladesh (S)	Taka	34.72
Barbados (S)	Babados $††	4.4970
Belgium	B. Franc	(cm) 63.40
		(fn) 64.95
Belize	B $	4.4970
Benin	C.F.A. Franc	456.65
Bermuda (S)	Bda $	2.2485
Bhutan	Indian Rupee	18.11
Bolivia	Bolivian Peso	56.55
Botswana (S)	Pula	1.7780
Brazil	Cruzeiro ‡‡	99.07
Brit. Virgin Isles (S)	U.S. $	2.2485
Brunei (S)	Brunei $	4.8760
Bulgaria	Lev	1.8656
Burma	Kyat	15.2155
Burundi	Burundi Franc	206.585
Cameroon Repub'c	C.F.A. Franc	456.65
Canada	Canadian $	2.6155
Canary Islands	Spanish Peseta	148.90
Cape Verde Isle	Cape V. Escudo	82.57
Cayman Islands (S)	Cay. Is. $	1.8740
Cent. Af. Repub.	C.F.A. Franc	456.65
Chad	C.F.A. Franc	456.65
Chile	C. Peso	(Bk) 88.24
China	Renminbi Yuan	3.3970
Colombia	C. Peso	(F) 99.78
Comoro Islands	C.F.A. Franc	456.65
Congo (Braz'ville)	C.F.A. Franc	456.65
Costa Rica	Colon	19.45
Cuba	Cuban Peso	1.5894
Cyprus (S)	Cyprus £	0.780
Czechoslovakia	Koruna	(com) 11.45
		n/c 22.78
		(T) 19.94
Denmark	Danish Krone	12.176
Djibouti	Fr.	385.0 (sg)
Dominica (S)	E. Caribbean $	6.11
Dominican Repub	Dominican Peso	2.2485
Ecuador	Sucre	(O) 56.72
		(F) 62.33
Egypt	Egyptian £	(U) 1.56
Equatorial Guinea	Peseta	148.90
Ethiopia	Ethiopian Birr	(P) 4.6550
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	12.175
Fiji Islands	Fiji $	1.8880
Finland	Markka	8.385
France	French Franc	9.145
French C'tyin Af*	C.F.A. Franc	456.65
French Guiana	Local Franc	9.145
French Pacific Is.	C.F.P. Franc	168.10
Gabon	C.F.A. Franc	456.65
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.9125
Germany (West)	Deutsche Mark	3.9125
Ghana (S)	Cedi	6.27
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	n/a

Place	Local unit	Value of £ sterling
Greenland	Danish Kroner	12.175
Grenada (S)	E. Caribbean $	6.11
Guadaloupe	Local Franc	9.145
Guam	U.S. $	2.2485
Guatemala	Quetzal	2.2485
Guinea Republic	Sily	42.35
Guinea Bissau	Peso	78.46
Guyana (S)	Guyanese $	5.7670
Haiti	Gourd	11.30
Honduras Repub.	Lempira	4.5400
Hong Kong (S)	H.K. $	10.83
Hungary	Forint	(com) 74.77
		(T)(nc) 44.71
Iceland (S)	I. Krona	903.0
India (S)	Ind. Rupee	18.11
Indonesia	Rupiah	1,413.46
Iran	Rial	n.a
Iraq	Iraq Dinar	0.66815
Irish Republic (k)	Irish £	1.0610
Israel	Israel £	83.38
Italy	Lira	1,816.0
Ivory Coast	C.F.A. Franc	456.65
Jamaica (S)	Jamaica Dollar	4.0100
Japan	Yen	540.0
Jordan (S)	Jordan Dinar	0.660 (sg)
Kampuchea	Riel	2,713.8
Kenya (S)	Kenya Shilling	16.47
Kiribati	Australian $	2.0360
Korea (Nth)	Won	1.879 (ii)
Korea (Sth)	Won	1,309.50
Kuwait (Sth)	Kuwait Dina	0.615
Laos	Kip Pot Po	904.60
Lebanon	Lebanese £	7.4065
Lesotho	S. African Rand	1.8370
Liberia	Liberian $	2.2485
Libya	Libyan Dinar	0.6695
Liechtenstein	Swiss Franc	3.64
Luxembourg	Lux Franc	63.40
Macao	Pataca	12.00
Madeira	Portug'se Escudo	112.70
Malagasy Republic	MG Franc	456.65
Malawi (S)	Kwacha	1.80
Malaysia (S)	Ringgit	4.9490
Maldive Islands (S)	Mal Rupee	8.8875
Mali Republic	Mali Franc	914.50
Malta (S)	Maltese £	0.775
Martinique	Local Franc	9.145
Mauritania	Ouguiya ‡	91.75
Mauritius (S)	M. Rupee	17.15
Mexico	Mexican Peso	51.65
Miquelon	C.F.A. Franc	456.65
Monaco	French Franc	9.145
Mongolia	Tugrik	(o) 6.2580 (ii)
Montserrat	E. Caribbean $	6.11
Morocco	Dirham	8.46 (sg)
Mozambique	Moz. Escudo	69.00
Nauru	Australian Dollar	2.0360
Nepal	Nepalese Rupee	27.15
Netherlands	Guilder	4.315
Netherland Antilles	Antillian Guilder	4.0460
New Hebrides	Franc	147.40
	Aust. Dollar	2.0360
New Zealand (S)	N. Z. Dollar	2.2925
Nicaragua	Cordoba	22.62
Niger Republic	C. F. A. Franc	456.65
Nigeria (S)	Naira	1.230122 (sg)
Norway	Norway Krone	11.03
Oman Sul'ate of (S)	Rial Omani	0.781
Pakistan	Pakistan Rupee	22.40
Panama	Balboa	2.2485
Papua N. Guinea (S)	Kina	1.5560
Paraguay	Guarani	282.36

Place	Local unit	Value of £ sterling
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7725
Peru	Sol	exc (A) 599.56
Philippines	Philippine Peso	16.75
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2925
Poland	Zloty	(Cm) 65.00
		(T) 66.00
Portugal	Portugu'se Escudo	112.70
Port Timor	Timor Escudo	112.70
Puerto Rico	U.S. $	2.2485
Qatar (S)	Qatar Ryal	8.31
Réunion Ile de la	French Franc	9.145
Rhodesia	Rhodesian $	1.5950
Romania	Leu	(Cm) 10.03
		(c/c) T26.93
Rwanda	Rwanda Franc	209.20
St. Christopher (S)	E. Caribbean $	6.11
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.11
St. Pierre	C.F.A Franc	456.65
St. Vincent (S)	E. Caribbean $	6.11
Salvador El	Colon	5.66
Samoa American	U.S. $	2.2485
San Marino	Italian Lire	1,816.0
Sao To'e & Principe	Dobra	72.88
Saudi Arabia	Ryal	7.59
Senegal	C.F.A. Franc	456.65
Seychelles	S. Rupee	13.80
Sierra Leone (S)	Leone	2.3157
Singapore (S)	Singapore $	4.8760
Solomon Islands (S)	Solomon Is. $	1.9360
Somali Republic	Somali Shilling	(A) 13.65
South Africa (S)	Rand	1.8370
South West African Territories (S)	S. A. Rand	1.8370
Spain	Peseta	148.90
Spanish ports in North Africa	Peseta	148.90
Sri Lanka (S)	S. L. Rupee	34.80
Sudan Republic	Sudan £ ⊕	n/a
Surinam	S. Guilder	4.0480
Swaziland (S)	Lilangeni	1.8370
Sweden	S. Krona	9.3575
Switzerland	Swiss Franc	3.64
Syria	Syria £	(A) 8.8790
Taiwan	New Taiwan	(P) 81.40
Tanzania (S)	Tan. Shilling	18.55
Thailand	Baht	46.10
Togo Republic	C.F.A. Franc	456.65
Tonga Islands (S)	Pa'anga	2.0360
Trinidad (S)	Trinidad & Tob. $	5.3965
Tunisia	Tunisian Dinar	0.883 (SG)
Turkey	Turkish Lira	159.50
Turks & Caicos	U.S. $	2.2485
Tuvalu	Australian $	2.0360
Uganda (S)	Uganda Shilling	16.25
United States	U.S. Dollar	2.2485
Uruguay	Uruguay Peso	(cm) 19.21
		(fn) 19.21
Utd. Arab Emirates	U.A.E. Dirham	8.46
U.S.S.R.	Rouble	1.4254
Upper Volta	C.F.A. Franc	456.65
Vatican	Italian Lire	1,816.0
Venezuela	Bolivar	9.71
Vietnam	Dong	(O) 4.9300
		(T) 4.80 (ii)
Virgin Islands U.S.	U.S. Dollar	2.2485
Western Samoa (S)	Samoan Tala	2.0440
Yemen	Ryal	10.23 (SG)
Yugoslavia	New Y Dinar	44.7999
Zaire Republic	Zaire	4.507639
Zambia	Kwacha	1.76

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 95 OC. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and so are not members of IMF. (ii) Based on gross rates against Russian rouble. ⊕ Incentive rate.

INTERNATIONAL CAPITAL MARKETS

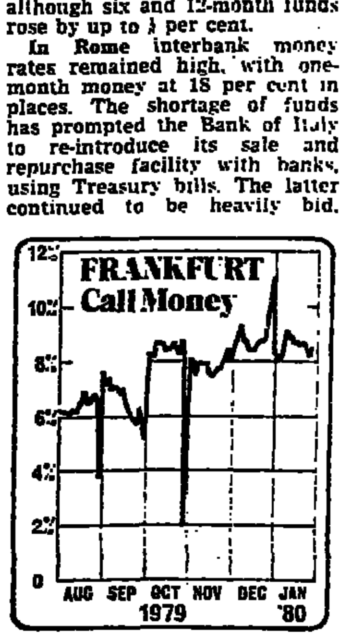
Paris rates steady

Despite a relatively sharp rise in Paris call money to 12¼ per cent from 12 per cent yesterday, money rates seem set to remain at around their current levels for some time to come. The authorities have carefully looked after the market recently, buying around FFr 5.4bn of first category paper last week and a further FFr 7bn scheduled for purchase yesterday at 12 per cent. Call money rose yesterday mainly as a result of payments rising from the maturity of FFr 12½bn of 12 per cent six-year State loan. Period rates were little changed overall, although six and 12-month funds rose by up to ⅛ per cent.

In Rome interbank money rates remained high, with one-month money at 18 per cent in places. The shortage of funds has prompted the Bank of Italy to re-introduce its sale and repurchase facility with banks, using Treasury bills. The latter continued to be heavily bid, with three-month bills yielding around 13.87 per cent compared with 14.49 per cent at Friday's auction. However, the authorities have failed to indicate any plans at the moment to issue extra paper to cope with demand.

In Frankfurt call money was quoted at 8.40-8.50 per cent, sharply firmer than Friday's rate of 8.00-8.20 per cent, while longer term rates were generally easier.

The recent increase in prime rates continued in Singapore, with Development Bank of Singapore pushing up its prime rate over the weekend to 10½ per cent from 9½ per cent. For the time being, however, market sentiment tends to point towards a downward trend, with six and 12-month money currently lower than the one-month rate.



MONEY RATES

NEW YORK

Prime Rate	15-15¼
Fed. Funds	14
Treasury Bills (13-week)	12.00
Treasury Bills (26-week)	12.24

GERMANY

Discount Rate	6
Overnight Rate	8.45
One month	8.675
Three months	8.375
Six months	8.65

FRANCE

Discount Rate	9.5
Overnight Rate	12.25
One month	12.1875
Three months	12.3125
Six months	12.3125

JAPAN

Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.5625

GOLD

Weaker trend

Gold lost $35 an ounce in the London bullion market yesterday to close at $630-640. The metal opened at $620-630 and rose to a high of $635-645 before being fixed at $629. During the afternoon it touched a low spot after the entry of New York, and was quoted at $605-615, with an afternoon fixing level of $624.

In Paris the 12½-kilo bar was fixed at FFr 82,600 per kilo ($628.27 per ounce) compared with FFr 82,290 ($629.33) in the morning and FFr 87,000 ($667.15) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,030 per kilo ($623.60 per ounce) against DM 38,120 ($691.50) previously.

	January 28		January 25	
Gold Bullion fine ounce				
Close	$630-640	£279½-284	$665-675	£295½-297½
Opening	$620-630	£274¼-278¼	$700-710	£307¼-311½
Morning fixing	$629	£277.827	$691.50	£303.748
Afternoon fixing	$624	£275.740	SOLD	£295.568
Gold Coins				
Krugerrand	$630-640	£280-285	$660-675	£290-300
Mapleleaf	$630-645	£280-287	$660-675	£290-300
New Sovereigns	$159½-164½	£71-73	$170-175	£74-77
King Sovs	$175-180	£77-80	$185-195	£80-87
Victoria Sovs	$177-182	£78-81	$185-195	£80-83
Fr 20 Napoleon	Fr1695-705	Fr1245-265	Fr1715-725	Fr1250-270
50 pesos Mexico	$765-775		$805-825	
100 Cor. Austria	$605-615		$630-640	
$20 Eagles	$735-745		$710-780	
$10 Eagles	—			
$5 Eagles	—			

UK MONEY MARKET

Further help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in extremely short supply in the London money market yesterday, with the principle factor working against the market being the repayment of Friday's very large lending. This together with a small net take up of Treasury bills to finance and a small excess of revenue payments to the Exchequer over Government disbursements, prompted the authorities to give assistance on an extremely large scale.

The help comprised moderate purchases of Treasury bills both from the discount houses and banks, with some of the bills for resale at a fixed future date, and a small number of corporation bills, all direct from the houses. They also bought a small amount of eligible bank bills, all of which are for resale at a future date. In addition, the authorities lent a large amount to seven or eight houses at MLR, for repayment today. The market gained a little comfort from banks bringing forward balances a little way above target.

Discount houses were paying 17 per cent for secured call loans for the greater part of the day, with some late balances taken down to 16 per cent.

In the interbank market, overnight loans opened at 17½-17¾ per cent and eased to 17¼-17½ per cent before coming back to 17-18 per cent soon after lunch. Money dipped briefly to 17-17⅛ per cent before rising to 20-21 per cent. Late balances were taken at 18-19 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ‡	Eligible Bank Bills ‡	Fine Trade Bills ‡
Overnight	—	17-21	—	—	—	18-17½	16-17	—	—	—
2 days notice	—	—	17⅞-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅝-17⅞	17⅞-18	—	18⅛	18¼-17⅞	16½-17	—	—	—
One month	17¼-17½	17⅛-17	17¾-17⅞	19-18½	18⅛	18-17⅞	16⅞	15⅞-15¾	17⅛	18½
Two months	17⅜-17¼	17⅝-17⅜	—	18-17⅞	18	—	16½	15⅞-15¾	17⅛	18⅛
Three months	17⅛-17¼	17⅛-17¼	17½-17½	17⅞-17⅜	17⅝	17⅝-17⅜	16¼	15⅞-15¾	16⅞-16¾	17⅛
Six months	16⅝-16¾	16⅝-16⅝	16-16½	16-15¾	16⅛	—	—	—	15-15¾	16
Nine months	15⅞-15⅞	15⅞-15⅞	—	15¾-15¾	15¾	—	—	—	—	—
One Year	15½-14¾	15⅞-15⅝	15½-15¾	15⅝-15⅜	15¼	—	—	—	—	—
Two years	—	—	15⅝-15½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15¼-15½ per cent; four years 15-15½ per cent; five years 14⅞-15 per cent. ‡ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛-16⅜ per cent; four-months trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15¹⁵⁄₁₆-15⅞ per cent; two-months 15¾-15⅞ per cent; three-months 15⅞-15¾ per cent. Approximate rate for one-month bank bills 17⅛-17⅜ per cent; two-months 17⅛ per cent; three-months 16⅞-16⅝ per cent; one-month trade bills 18¾ per cent; two-months 18⅜ per cent and three-months 17 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.7442 per cent.

BASE LENDING RATES

A B N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	17 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	18½%
First Nat. Secs. Ltd.	18 %
Robert Fraser	18 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	18½%
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.
* 7 day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼%, and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.320	6	1.80	—	—	—	—	F.295
ABN C	F.350	—	—	5	1	—	—	"
AKZ C	F.22.50	10	1.70	—	—	—	—	F.23.10
AKZ C	F.25	38	0.60	7	1	20	1.40	"
AKZ C	F.27.50	12	0.20	—	—	—	—	"
AKZ C	F.30	10	0.10	—	—	—	—	"
AKZ P	F.22.50	5	0.83	—	—	—	—	"
AKZ P	F.25	10	2.10	—	—	—	—	"
AKZ P	F.27.50	—	—	7	4.80	—	—	"
ARB C	F.65	4	1.40	6	2.30	—	—	F.62.10
ARB C	F.70	—	—	5	1.10	—	—	"
HEI C	F.70	2	5.80	—	—	—	—	F.75
HEI C	F.75	5	2	10	3.40	—	—	"
HEI P	F.75	5	4	—	—	—	—	"
IBM C	$70	—	—	10	6	—	—	$70¼
KLM C	F.60	1	11	8	12.80	—	—	F.69
KLM C	F.70	108	4.30	20	8.80	1	9.50	"
KLM C	F.80	358	1.80	13	6	30	4	"
KLM C	F.90	172	0.40	6	1.20	—	—	"
KLM C	F.100	10	0.20	—	—	—	—	"
KLM P	F.60	168	1.60	—	—	—	—	"
KLM P	F.70	188	4.70	24	6	—	—	"
KLM P	F.80	78	10.80	3	9.70	2	12	"
KLM P	F.90	3	21	—	—	—	—	"
NN C	F.120	3	6.70	6	4.70	—	—	F.118.30
NN C	F.125	5	1.40	—	—	—	—	"
PET C	Fr.6000	11	170	—	—	—	—	Fr.5590
PHI C	F.20	12	1.20	20	1.40	—	—	F.20.30
PHI C	F.22.50	16	0.30	46	0.70	57	0.80	"
RD C	F.140	111	15.40	—	—	—	—	F.153.30
RD C	F.145	26	11.50	—	—	—	—	"
RD C	F.150	174	7.40	137	8.60	32	10.20	"
RD C	F.160	99	2.80	66	3.90	—	—	"
RD P	F.140	5	0.80	—	—	—	—	"
RD P	F.145	26	1.80	—	—	—	—	"
RD P	F.150	63	2.80	8	5.50	1	6	"
RD P	F.160	22	8.20	—	—	—	—	"
		Feb.		May		Aug.		
BA C	$50	1	16	2	17	—	—	$66¼
BA C	$60	—	—	1	9½	8	11½	"
OXY C	$25	—	—	10	4⅛	—	—	$27⅛
TOTAL VOLUME IN CONTRACTS						2275		

C=Call P=Put

هكذا من الأمل

WORLD STOCK MARKETS

Firmer early Wall St. trend

WITH OIL and Defence issues showing renewed strength, Wall Street stocks tended to improve in active trading yesterday morning after last Friday's modest reaction on profit-taking.

The Dow Jones Industrial Average was only 0.08 firmer at 876.19 at 1 m, although the NYSE All Common Index gained 47 by a seven-to-six margin, while volume amounted to 34.05m shares against last Friday's 1 pm level of 30.51m.

Analysts said although investors are worried about interest rates and inflation, institutional demand for selective stocks remains strong. They added that investors increasingly view the stock market as a better hedge against inflation than the debt market on a total return basis. Prices in the Bond market have been under pressure for months.

However, they said with the strong gains in stock prices recently, the market remains subject to profit-taking.

Volume leader Chrysler rose ⅛ to $9⅛. President Carter's budget should raise spending for Chrysler's XM-1 tank to $1.15bn from $769m.

Among the Oils, active Texaco gained 1¼ to $36¼. Mobil 1¼ to $56⅞. Exxon ⅞ to $58⅞ and Amerada Hess 1⅞ to $55¼, but Shell Oil lost ⅞ to $67⅞ despite reporting sharply higher fourth-quarter net earnings.

Corn Sweetener stocks rose sharply. Standard Brands advanced 3⅞ to $32⅞, Archer-Daniels-Midland 3⅞ to $37⅞, CPC International 3⅞ to $68⅞ and A. E. Stoley 5¼ to $44, after opening at $48. Coca-Cola, which added ⅞ at $33⅞, said it has approved a blend of 50 per cent high fructose corn syrups and 50 per cent natural sugar in its main soft drink, Coco-Cola.

Rosario Resources gained $1 to $72. The company said it is holding merger talks with several concerns in addition to Hudson Bay Mining, and has asked shareholders to defer action on the Hudson Bay bid. Hudson Bay put on ½ to $30½.

Texas Instruments moved ahead 5¼ to $104. It plans to offer $250m of of 25-year debt.

THE AMERICAN SE Market Value Index climbed 3.66 to 270.45 at 1 p.m. Volume 5.95m shares (4.61m).

Closing prices for North America were not available for this edition.

Canada

Markets were firmer-inclined in busy early trading, with the Toronto Composite Index adding 3.5 at 1,958.6 at noon. The Oil and Gas index rose 32.7 to 4,024.4 and Metals and Minerals 3.9 to 2,059.1, but Golds shed 14.7 to 2,856.2.

Tokyo

Strong buying, centred on major Steel shares, Heavy Electricals, Shipbuildings, Textiles, Chemicals and Non-ferrous Metals, spurred the market on in early dealings, but profit-taking later set in, especially in recently strong Petroleums, leaving an easier overall tendency on balance.

The Nikkei-Dow Average reched a new record high of 6,775.33 at mid-day, but closed a net 0.40 off at 6,763.61. Declines on the First Market section finally outscored advances by 338 to 280. Turnover was a heavy 700m shares, compared with last Friday's 680m and Saturday's half-day session volume of 470m.

A broker commented that the reason for the market's subsequent reaction was investor fears of possible further restrictions on credit trading. The Tokyo Stock Exchange boosted the rate of margin requirements from 50 per cent to 60 per cent on January 16 in an effort to prevent an excessive inflow of "speculative hot money" in margin transactions. The broker added that apprehension about possible further controls on margin trading was making some investors hesitant about holding stocks whose prices look unstable.

Nipon Oil lost Y20 to Y1,910, TDA Nenryo Y25 to Y845, Honda Motor Y17 to Y615 and Shinwa Shipping Y3 to Y160, but Mitsui gained Y13 to Y383, Sanraku Shuzo Y29 to Y554, Honshu Paper Y4 to Y220, Nisshin Steel Y4 to Y171 and Teijin Y8 to Y154.

Nisshin Spinning and other large-asset Textile concerns closed higher.

Hong Kong

A fresh early market advance was later trimmed by profit-taking, although the Hang Seng index was still 6.07 stronger on the day at 926.08, its highest level since closing at 936.40 on April 24, 1973. Dealings were again active, with turnover on the four stock exchanges totalling HK$401.63m against last Friday's HK$410.83m.

Properties led the initial gains, with interest focusing particularly on New World Properties amid takeover rumours.

Dealers said they anticiated further gains today with bullish results expected from an important land auction.

Among Properties, HK Land rose 30 cents to HK$14.90, the 1980 Warrants HK$120 to HK$2,840 and 1986 Warrants 70 cents to HK$12.10. Cheung Kong advanced 90 cents to HK$22.10, SHK Properties 40 cents to HK$20.00 and Swire Properties 20 cents to HK$5.70.

New World, however, were only 5 cents higher on balance at HK$5.20 following a sharp rise last week.

Among the leaders, Wheelock "A" gained 22.5 cents to HK$4.725, HK Bank 20 cents to HK$20.80 and Jardine Matheson 10 cents to HK$17.30.

Germany

Shares were easier for choice after light trading, the Commerzbank index slipping 3.2to 702.6.

Deutsche Bank lost DM 1.40, while Degussa, in Chemicals, receded DM 4.20. Metallgesellschaft declined DM 4, but Krupp, in Steels, put on DM 1, and Motors concern BMW advanced DM 3.

Paris

Stock prices displayed a slight bias to higher levels, with a lower gold price inducing some share buying despite an increase in the Call Money rate to 12⅜ per cent from 12 per cent.

Banks, Portfolios, Foods, Constructions, Hotels and Metals were generally preferred, but selling predominated among Electricals, Textiles and Transportation issues.

Closing substantially higher were Locofrance, Pechelbronn, Ferodo, Carrefour, Comptoirs Modernes, Bouygues, Borel, Prenatal, Chiers-Chatillon, BSN and Skis Rossignol. Creusot-Loire rose FFr3.3 to FFr70.5 on news that it has managed to reduce its losses in 1979.

Among these losing ground were Alsacienne de Supermarche, Dassault, Nouvelles Galeries, SAT, Thomson CSF, Saulnes, Navigation Mixte, Dolfus-Mieg, BIS and CGIP.

Australia

Markets were closed yesterday for a national holiday.

Singapore

Another broad advance occurred, with bouts of profit-taking, well absorbed, leaving the Straits Times Industrial Index up 7.60 more at a new six-year peak of 464.08.

Among Shipyards, Sembawang Shipyard rose on expectations of good earnings, mostly from its ship repair operations. Pan Electric put on 5 cents to S$1.85, partly in anticipation that a major claim against Lloyds of London would soon be settled.

Boustead gained 12 cents to S$3.96 and Sime Darby 10 cents to S$4.06. Kuala Lumpur Kepong, however, receded 11 cents to S$4.09 on disappointment that a bonus issue was not announced with a final dividend declaration of 15 per cent.

Johannesburg

Gold shares declined in fairly active trading in line with an easier Bullion price, and with Overseas sentiment adversely affected by last Friday's Pretoria Bank siege.

Mining Financials, however, were little changed. Platinums recouped some of their early losses, while Collieries closed mixed with a firmer bias.

NEW YORK

CANADA

Indices

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
U.S. Steel ...	1,518,300	18⅝	−1⅛	Amer. Tel. Tel	499,500	51⅝	−½
Fannie Mae ...	1,166,200	14⅜	−⅜	Natomas	450,800	40⅞	+3½
Williams Co.	683,200	38⅞	+2⅝	Chrysler	445,700	8⅝	+⅛
Texaco	573,000	35⅝		K Mart	419,300	21⅝	−⅛
Warner-L'bert	510,200	22½	[illegible]	Louisiana	384,600	53½	+1⅛

Coca Cola move hits sugar market

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD sugar prices tumbled yesterday following news that Coca Cola is to permit increased use of corn syrups, as a replacement sweetener, in all its soft drinks produced in the U.S., including Coke itself.

Dealers claimed the announcement by Coca Cola was more important in pyschological terms than the actual impact on demand, but it triggered off a wave of selling bringing heavy losses in the futures market. The May position on the London futures market fell by £12.60 to £203.75 a tonne after having reached a high of £218.50 earlier in the day. This followed the London daily price for raw sugar being cut by £5 to £204.

In early trading in New York prices fell the permissible limit down of 1 cent a pound as a result of heavy selling by speculators. It was felt both in London and New York that the price fall was mainly a technical reaction after last week's surge to the highest levels since mid-1975. Dealers said the absence of any fresh "bullish" news, and the easier trend in gold, made it difficult to sustain the recent high prices.

Certainly the Coca Cola move will have little immediate effect on available supplies, although it does have long-term significance.

Trade estimates are vague about the actual amount of sugar that might be replaced by the use of more high fructose corn syrups (known as isoglucose in the EEC). Estimates of sugar used by U.S. soft drink makers vary from 750,000 to 900,000 tonnes a year.

What is significant, however, is that the U.S. corn syrup producers have made a breakthrough into one of sugar's most prized markets. In 1978 Cocoa Cola allowed the use of up to 75 per cent corn syrups in its allied products, but specifically excluded cola soft drinks. Now it is to permit corn syrups to provide up to 50 per cent blend with sucrose (either cane or beet) and is studying whether to allow an even greater percentage in the future.

Pepsi Cola seems likely to follow, since the use of corn syrups is claimed to cut production costs without impairing quality. Coca Cola has been extremely reluctant to interfere with the successful formula used for Coke, but evidently now thinks any risk is worth taking.

Japanese plan to buy U.S. grain

THE JAPANESE Government is considering a plan to buy some of the U.S. feedgrain scheduled for shipment to the USSR but halted in retaliation for the Soviet military invasion in Afghanistan, according to the Japanes foreign ministry.

The amount of purchases under consideration is several hundreds of thousands of tonnes, they said.

A group of private Japanese economists called the Policy Planning Forum has proposed Japan buy all the embargoed grain, totalling 17m tonnes to be stored as a buffer stock designed to stabilise food supplies, with the cost met by Japan's external reserves.

The proposal, if carried out, will improve Japan-U.S. relations and could ease the U.S. request that Japan increase its defence spending, the economists said.

However, the Agriculture, Forestry and Fishery Ministry said it would be practically impossible for Japan to buy large amounts of feedgrain because of warehousing and stockpiling problems involved.

Meanwhile in New Orleans five international longshoremen's association local branches are prepared for a labour arbitration session tomorrow, resulting from their refusal to loan grain aboard ships bound for the Soviet Union, ILA vice-president James T. McCleland said.

Copper market defies downward gold trend

BY OUR COMMODITIES EDITOR

COPPER prices surged on the London Metal Exchange in spite of the easier trend in gold and silver. Strong speculative buying forced cash wirebars to £1,306 at one stage before dipping back to close at £1,299 a tonne, £43 up on Friday's close. Significantly the cash price established a premium of £8.5 over the three months quotation, which rose by £28 to £1,290.5.

Dealers said this movement reflected a tightening in the nearby supply situation, even though warehouse stocks fell by only 1,400 to 118,725 tonnes.

It is believed that powerful speculators now hold quite a large proportion of the warehouse stocks. It is simpler, and cheaper, for them to keep the copper in the LME warehouses while attempting to squeeze prices higher by starving the market of supplies.

New York has taken special emergency measures to prevent a "cornering" of its market by big speculators. But, as London metal brokers, Rudolf Wolff point out in their annual metals review, the Metal Exchange wirebars contract is particularly vulnerable at present. Stocks have fallen steadily. The bulk of trade in copper is now in cathodes, but on the LME it is the wirebars contract that receives the bulk of trading activity, including speculative buying.

It is also pointed out that with the expiry of the U.S. copper workers three-year labour contracts in June, there is likely to be some protective stockpiling by fabricators leaving less supplies available for the market.

Fears that oil supply crisis will bring an economic recession, and a fall in demand for copper, have been pushed into the background for the moment by the threatened U.S. strike. There are, however, more doubts about the second half of the year.

Meanwhile U.S. copper producers have announced a series of further price increases pushing their domestic quotation to a record level of $1.30 cents a lb and over.

Other base metals were encouraged by the rise in copper, with the exception of tin which lost further ground. Tin stocks held in LME warehouses rose again, by 295 tonnes to a total of 3,115 tonnes, and the cash price dropped by £85 to £7,365 a tonne. It is thought some of the extra supplies available to the market may be the result of the UK steel strike hitting tinplate production.

A fall in lead stocks, down by 725 to 15,675 tonnes, sustained the lead market. But aluminium was restrained by a large stocks increase of 4,375 tonnes raising total warehouse holdings to 30,075 tonnes. Zinc stocks fell by 350 to 46,150 tonnes, while nickel holdings were only six tonnes up at 6,324 tonnes.

Silver supply squeeze

BY OUR COMMODITIES STAFF

SILLVER PRICES moved lower on the London market following gold downwards. A significant factor, however, was that the spot price has moved much in line with the three months' figure due to a shortage in nearby supplies.

At the morning fixing spot silver was quoted at 1,560p, a fall of 120.35p on Friday's close, with three months also at 1,560p. On the London Metal Exchange spot silver closed at 1,555p, marginally below the three month's quotation.

In New York, silver futures lost $1 an ounce from Friday, with spot trading erratically between $34.00 and $33.00 an ounce. Trading there has been hard hit by last week's decision by Comex to restrict dealings to "liquidation only."

To alleviate this problem, the Chicago Board of Trade has said it will allow traders to take new positions in silver futures provided such positions are closed out by the end of the trading day. It claims this will create more liquidity for the market to operate more effectively.

Soviet softwood for UK sale

By A Correspondent

THE FIRST schedule of softwood offered by the Soviet Union to UK importers has been fully subscribed by the trade. Response has been described by sellers as good and it is thought that they will take the opportunity of adding to the nominal quantity of 330,000 cubic metres in the schedule.

Prices showed an average rise of about 14 per cent on last March and the wood was priced in straight sterling with no link to other currencies.

It was thought when the schedule was circulated on January 16 that the absence of any currency clause might curb importers' enthusiasm but this has not happened.

It is thought that the USSR has something over a million cubic metres of softwood to sell on the UK market this year—a reduction of some 20 per cent on 1979—and that a second offer can be expected in March.

Marginal farm aid sought

Financial Times Reporter

THE NATIONAL Farmers Union is pressing Mr. Peter Walker, the Agriculture Minister, to extend the increased subsidies granted to hill farmers before Christmas to include farmers on marginal land.

These farmers could have a "very tough" 12 months ahead of them unless the Government extends the subsidies, Mr. Richard Butler, president of the National Farmers' Union, warned yesterday following a tour of Cumbria.

He said they had suffered more than their lowland colleagues from last year's severe winter but missed out on the higher subsidies granted to hill farmers.

There were almost 20,00 marginal farms spread throughout Cumbria, Northumberland, Durham and North Yrkshire.

Price increase for dairymen

DAIRY farmers in England and Wales will receive 0.689p more per litre for milk delivered to dairies this month, the Milk Marketing Board announced yesterday.

Most of the rise, 0.557p, represents the farmers' share of the 1½p a pint retail price rise taking effect from February 17.

MALAYSIAN COMMODITY MARKET

Exchange planned for Kuala Lumpur

BY WONG SULONG IN KUALA LUMPUR

AFTER SEVERAL years of careful study and planning, Malaysian authorities say they are now ready to launch a commodities exchange in Kuala Lumpur, which they hope will develop into an important international market.

Datuk Leong Khee Seong, the Minister of Primary Industries, will present the Commodities Trading Bill to parliament in March and the exchange is expected to start trading in June.

The idea of having a Kuala Lumpur Commodities Exchange (KLCE) arose in the early 1970s, based on the rationale that the Malaysian capital should develop as a terminal commodity and financial centre as the country produces a wide range of commodities—rubber, tin, palm oil, pepper—in such large volumes.

Apart from the KLCE, the Bill provides for the setting up of a commodities trading council, and a clearing house.

The council will be a government-appointed body with enforcement and supervisory powers, while the KLCE and the clearing house will be private companies, independent of each other.

The clearing house will be a joint venture, with the International Commodities Clearing House of Sydney holding 30 per cent of the capital, and 70 per cent to be held by Malaysian Banks, including foreign banks operating in Malaysia.

Palm oil will be the first product to be traded. Later, the authorities hoped to include other products such as tin, pepper, cocoa and eventually, rubber.

In the course of the planning, Malaysian authorities have visited the main commodity trading centres in Europe, the U.S., Japan and Australia. Trading in the Kuala Lumpur Exchange will incorporate what Malaysia thinks are the better aspects of the trade.

The KLCE will operate with minimum interference from the government, which prefers to see self-discipline among its members.

Trading will be on the "open cry" system, but secrecy in trading position will be upheld.

Trading in palm oil futures will be in lots of 25 tonnes. For the exchange to be viable, it is anticipated that at least 175 lots needed to be transacted daily

The Malaysians claim the cost of trading in the KLCE will be low. A trader will pay charges of about $3.2 per tonne of palm oil on a roundturn contract (purchase and liquidation) compared with $4.65 on the Chicago exchange.

Reflecting the Malaysian Government's conservatism and its anxiety that the KLCE should start off on a proper footing, Datuk Leong stressed that the exchange should not be regarded as a "trading casino."

Speculation is necessary and welcomed, but Leong said the government would ensure there is no "excessive" speculation.

All dealers and companies dealing in commodity futures are required to be registered under the Bill. Companies dealing on the KLCE will pay 30,000 ringgits (£6,000) to a compensation fund, while those dealing with overseas markets in commodities not traded in the KLCE will have to deposit at least another 100,000.

Of late, so-called commodity trading companies, dealing in beans and seeds with overseas markets, have mushroomed in Kuala Lumpur, and many of these are no more than "trading casinos" which Leong is concerned about.

The present rubber market in Kuala Lumpur and the physical tin market in Penang will continue to operate.

Leong said his Ministry had done a feasibility study of introducing tin futures in the KLCE, but added, even if this was done, the Penang market would remain.

Merging the rubber market with the KLCE will be a more delicate issue. The rubber market is essentially dominated by five broking firms, and it is virtually a closed-shop business as any new broker can only be admitted through the sponsorship of two existing brokers.

Leong's relationship with the rubber broking firms is by no means cordial. The Chinese rubber dealers have a strong lobby in the Malaysian Chinese Association, the main Chinese partner in the government, while Leong belongs to the junior Gerakan Party.

Malaysian rubber traders prefer status quo and Leong is, understandably, approaching the merger with considerable caution.

The problem is also complicated because the Malaysian rubber market operates the "whispering" system as opposed to the "open cry," and has strong links with the Singapore rubber market.

A premature move to bring rubber trading under the wings of the KLCE could drive business from Kuala Lumpur to Singapore.

Investigation into deer antler harvesting

THE MINISTRY of Agricuture has ordered an investigation into the practice of of harvesting deers' antlers for their "velvet" for export to Asian countries where it is widely believed to have medicinal properties.

The investigation will be undertaken by the Ministry's Farm Animal Welfare Council

The Council has invited the views of the main welfare, veterinary and farming organisations and particular research bodies. It will also welcome comments from members of the public arriving not later than February 15.

More money for U.S. agencies

The U.S. state department has requested $36.9m in the 1981 fiscal year Budget to cover the estimated U.S. share of the finances for eight world commodity groups.

President Carter's budget for 1981 also seeks $88m to cover the U.S. contribution for the acquisition of natural rubber for a buffer stock

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the London Metal Exchange, as a tightening in the nearby supply situation caused the backwardation to widen. Forward metal moved erratically in the morning, opening at £1,280, moving ahead to the mid-£1,270s and then falling to £1,260 as the bullion price weakness brought out profit-taking in copper. At this point, however, good-buying of cash material prompted strong fresh speculative buying of forward metal which rose sharply to £1,305 at the start of the morning kerb. During the afternoon prices fell back in the wake of Comex with forward metal dipping to £1,275 prior to closing the late kerb at £1,289. Turnover 31,625 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,295, 1,300, 05, 04, 05, three months £1,258, 55, 54, 56, 59, 60, 62, 70, 73, 75, 76, 78, 80, 85, 84, 85, 88, 90, 92, 93. Kerb: Wirebars, cash £1,303, 04, 1,300, 1,298, three months £1,290, 92, 91, 92, 93, 95, 97, 99, 98, 97, 98, 99, 1,300, 03, 05, 04. Afternoon: Wirebars, three months £1,298, 99, 1,300, 1,298, 97, 95, 96, 97, 92, 93, 92.5, 92, 91, 90, 92, 93, 92, 91, 90, 91. Kerb: Wirebars, three months £1,280, 75, 77, 76, 75, 74, 75, 76, 77, 79, 80, 81, 82, 81, 83, 84, 85, 86, 87, 89, 88, 87.

TIN—Easier. After opening lower at £7,340 owing to the decline at Penang forward metal fell to £7,330 on hedge selling which was only partly met by buying thought to have been on behalf of Eastern European account. Renewed selling depressed the price to £7,310 on the morning kerb but thereafter the market rallied on U.S. interest to close the late kerb at £7,340. The sizeable increase in warehouse stocks resulted in the backwardation narrowing to around £40. Turnover 915 tonnes.

Morning: Standard, cash £7,340, three months £7,340, 35, 30, 35, 40, 30, 10, 7,300, 20. Kerb: Standard, three months £7,320, 10. Afternoon: Standard, cash £7,350, three months £7,320, 10, 15, 25, 20, 25. Kerb: Standard, three months £7,320, 30, 40, 50, 40

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1304-6	+54	1298-1300	+43
3 months	1293-4	+59	1290-1	+28
Settlem't	1306	+54	—	......
Cathodes				
Cash	1258-62	+42.5	1251-4	+41.5
3 months	1265-9	+28.5	1264-5	+30
Settlem't	1262	+42	—	......
U.S. Prod	—	......	*113-23	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7340-50	—115	7360-70	—85
3 months	7310-50	—82.5	7325-40	—47.5
Settlem't	7350	—115	—	......
Standard				
Cash	7340-50	—115	7360-70	—85
3 months	7310-20	—82.5	7325-30	—47.5
Settlem't	7350	—115	—	......
Straits E.	‡2161	—19		......
NewYork	—	......		......

LEAD—Firmer. The strength of the copper market coupled with good trade buying interest early on saw forward metal lift from £493 on the pre-market to £505 in the rings. However, the reaction in copper and profit-taking pared the price to £499.5 on the late kerb. Turnover 8,600 tonnes.

Morning: Cash £510, three months £495, 99, 500, 06, 7, 8, 6, 4, 3, 4, 5, 4. Kerb: Three months £504, 5, 6, 5. Afternoon: three months £504, 5, 4, 3, 4, 5, 2, 1, 2, 3, 2, 1.5, 2. Kerb: Three months £500.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	509-10	—6	505-5.6.5	+5.5
3 months	504-5	—5.25	501.5-2	+6.25
S'ment	510	—6	—	......
U.S. Spot	—	......	*50	......

ZINC—Held steady throughout the day as light trade buying support saw forward metal edge up from £366.5 on the pre-market to close the late kerb at £375.5. Turnover 4,500 tonnes.

Morning: Three months £372, 74, 73, 72. Kerb: Three months £372.5, 73. Afternoon: Cash £359, three months £373, 74, 75. Kerb: Three months £375, 76.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356-8	—2	359-60	—.5
3 months	372-.5	—2.25	375-6	+1.25
S'ment	358	—2	—	......
Primw'ts	—	......	*37.5	......

ALUMINIUM—Quietly firmer with sentiment helped by a slightly less than forecast rise in stocks and the strength of copper. Forward metal edged higher to touch £907 in the morning but eased back to close the late kerb at £904.5. Turnover 3,300 tonnes.

Morning: Three months £904, 3, 7, 6, 5, 6. Kerb: Three months £904, 6, 4. Afternoon: Three months £904, 5, 3, 2, 3.5. Kerb: Three months £904, 3.5.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	892-5	—5.5	888-92	+4
3 months	905-6	—7.5	903-.5	+.75

NICKEL—Barely changed in fairly routine trading. Forward metal rose to £3,195 in the second ring during the morning as copper surged ahead but the market failed to hold this level as profit-taking and a downturn in copper depressed the price to £3,160 prior to a close on the late kerb of £3,185. Turnover 558 tonnes.

Morning: March £3,180, three months £3,180, 90, 85, 95, 90, 85. Kerb: Three months £3,185, 80, 85. Afternoon: Three months £3,180, 70, 80, 70, 65, 75, 80. Kerb: Three months £3,170, 65.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3060-80	+5	3050-70	+10
3 months	3180-5	—5	3175-80	+5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed £1.2035 lower for spot delivery in the London bullion market yesterday at £15.6. U.S. cents equivalents of the fixing levels were: spot $35.3, down $3; three-month $35.07, down $2.6; six-month $34.865, down $2.789; and 12-month $34.548, down $2.752. The metal opened at £15.45-16.35 ($35-37) and closed at £15.1-16 ($34-36).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	1560.00p	—120.	1555p	—65.
3 months	1560.00p	—105.	1560.p	—45.
6 months	1555.50p	—110.	—	......
12months	1548.50p	—112.	—	......

LME—Turnover 150 (175) lots of 10,000 ozs. Morning: Cash 1600, three months 1570, 55, 50, 55, 60, 70, 80, 90. Kerbs: Three months 1595. Afternoon: Three months 1555, 50, 60. Kerbs: Three months 1565, 60. Closed 1550, 1570.

COCOA

Cocoa futures remained steady in thin trading conditions throughout a dull day. Consumer price fixing during the morning session formed the lows for the day from which prices slowly advanced as sterling weakened.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1468-69	+9.5	1470-59
May	1465-66	+11.0	1467-53
July	1477-78	+14.0	1478-63
Sep	1490-92	+8.5	1493-86
Dec	1519-24	+13.5	1518-13
March	1559-55	+12.0	—
May	1559-85	+17.0	—

Physical trading was scarce as both producers and consumers remained sidelined, reports Gill and Duffus.

Sales: 1,052 (1,383) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 25: 144.19 (143.72); Indicator price Jan. 28: 15-day average 143.85 (143.59); 22-day average 143.57 (143.68).

COFFEE

Robustas opened £15-£20 higher following a steady New York performance. Trade selling became the prominent feature but with some good commission house support the market remained in a tight trading range in fair volume. Early weakness in the New York market attracted further pressure in the afternoon but prices finished at the daily highs after a steady closing call, reports Drexel Burnham Lambert.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1472.78	+27.0	1490-63
March	1512.15	+26.0	1515-498
May	1525-29	+23.0	1530-11
July	1458-59	+29.5	1349-28
Sept	1556-58	+29.5	1560-34
Nov	1541-56	+47.0	1550-48
January	1526-56	+20.5	—

Sales: 5,721 (12,516) lots 5 tonnes. ICS Indicator prices for Jan. 25 (cents per pound). Other Mild Arabicas 158.00 (160.00). Robustas ICA 1976 157.50 (159.00). ICA 1968 157.75 (159.25). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 179.75 (180.50).

GRAINS

LONDON GRAIN FUTURES—Values eased initially but buying interest then steadied values. Volume was very thin generally and the market closed unchanged to 5p higher on old crop wheat and 10-20 down on old crop barley. New crops saw very little trade, reports Acli.

	WHEAT		BARLEY	
M'nth	Yest'rdays close	+ or —	Yest'rday close	+ or —
Jan				
Mar.	99.70	......	96.65	—0.10
May	104.00	+0.05	100.55	—0.20
Sept	95.65	—0.10	93.40	—0.50
Nov	100.20	—0.10	97.00	—0.30

Business done—Wheat: March 99.70-99.40, May 104.00-103.70, Sept. no trade, Nov. 100.20-100.20. Sales 52 lots of 100 tonnes. Barley: March 96.65-96.50, May 100.65-100.50; Sept. 93.60-93.40, Nov. 97.00-97.00. Sales 58 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 98.75, Feb. 101, March 101.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 96.25, March 97.25 transhipment East Coast. Maize: U.S./French Jan. unquoted, Feb. 117, March 118, transhipment East Coast. Barley: English Feed fob Jan. unquoted, Feb. 99.50, March 101, April 103.50, East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 93.60, E. Midlands 94.20, N. East 94.50, Scotland 90.60. Milling wheat: Eastern 98.00.

RUBBER

The London physical market opened easier, with little interest throughout the day, and closed on a dull note. Lewis and Peat reported a Malaysian godown price of 340 nom (361) cents a kg (buyer, February).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb	78.80-79.00	79.00-79.75	—
Mar	78.60-79.50	79.98-80.50	—
Apr-Jne	79.60-79.80	81.80-82.10	81.60-79.75
Jly-Sept	82.10-82.55	84.05-84.10	84.20-82.00
Oct-Dec	85.65-85.70	85.45-85.50	85.50-85.95
Jan-Mar	84.90-85.00	86.80-86.85	86.60-85.00
Apr-Jne	86.10-86.20	89.00-88.10	88.30-86.10
Jly-Sept	87.15-87.20	89.20-88.30	88.55-87.20
Oct-Dec	88.58-88.90	89.25-80.60	89.75-88.80

Sales: 569 (682) at 15 tonnes.

Physical closing prices (buyer) were: Spot 77.50p (79.00p); March 75.75p (77.25p); April 77.25p (78.75p).

SOYABEAN MEAL

The London market opened around 50p easier following increased USDA stocks to 1,770m bushels, reports T. G. Roddick. The market found good support during the afternoon session following a weaker sterling and closed around 30p higher.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	121.00-21.5	+0.40	121.00-20.70
April	118.30-18.5	+0.25	118.40-17.40
June	116.50-16.5	+0.40	116.50-15.40
August	117.00-18.0	+0.50	—
October	116.50-17.5	+0.85	—
December	118.00-20.0	+0.75	118.50
February	120.10-22.0	+0.05	120.40

Sales: 82 (40) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £204.00 (£209.00) a tonne cif for Jan.-Feb.-March shipment. White sugar daily price was £208.00 (£214.00).

Heavy trade selling produced losses of some £6.00 at a very active opening call. A report later that the Coca Cola Corporation were allowing the use of corn syrup in their major product aided the weaker sentiment and further losses of £7.00 were registered in the nearby months, by the close, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	199.00-19.50	214.50-214.5	218.50-98.00
May	203.50-04.00	216.20-216.5	218.50-03.60
Aug	205.00-05.50	217.90-218.0	220.00-05.25
Oct	205.50-06.00	218.75-19.00	221.50-05.50

Sales: 10,271 (7,193) lots of 50 tonnes.

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): April 199.00, 207.00, 207.00, 10; July 198.00, 207.00, nil, nil; Sept. 200.00, 213.00, nil, nil; Nov. 204.00, 219.00, nil, nil; Feb. 204.00, 219.00, nil, nil; April 207.00, 222.00, nil, nil; July 207.00, 222.00, nil, nil. Sales: 10.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £278.00 (£285.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 25: Daily price 1966 (20.08); 15-day average 17.07 (16.78).

TEA AUCTION

LONDON TEA AUCTION—Demand was fairly good at yesterday's auction. But prices were generally lower. Price indications: quality 137p a kilo (140p), medium 110p (112p), plain 62p (62p).

Guernsey to monitor tomato growers'

GUERNSEY authorities have set up a special committee to review economic policy in the light of conditions in the horticultural industry, following the difficulties last year for the island's tomato growers.

A combination of poor weather, rising fuel costs, high interest rates and heavy foreign competition, gave the industry its worst season for a long time in 1979.

Guernsey's finance committee, which has set up the new economic sub-committee, says that while it had been envisaged under the current 10-year economic plan that horticulture would contract in relation to other sections, the rate of contraction now seems likely to increase.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 28 1980	+ or —	Month ago
Metals			
Aluminium	£770/810	......	£760 70
Free Mkt (cs)	$2040/2060	+195	$1760/10
Copper			
Cash w'bar	£1,299	+43	£992
3 mths	£1,290.5	+28	£1001.5
Cash Cathode	£1,252.5	+41.5	£964.55
3 mths	£1,264.5	+30	£981.5
Gold troy oz.	$635	—35	$510
Lead cash	£506	+5.5	£503.5
3 mths	£501.75	+6.25	£493.5
Nickel	£3,195.76	......	£3,280.17
Freemkt(cif (lb	305/330c	......	270/310c
Platin'mtr'y oz	£189.0	......	£195
Free mkt	£350.35	—11.65	£304.25
Quicksil'ver	$405/415	+5	$375/380
Silver troy oz	1560.00p	—120.3	1249.70p
3 months	1560.00p	—105.2	1288.70p
Tin Cash	£7,365	—85	£7,432
3 mths	£7,327.5	—47.5	£7,195
Tungsten22.04lb	$136	......	$137.75
Wolfrm 22.04lbs	$142/145	+2	$129.5/134
Zinc cash	£359.5	—0.5	£336.5
3 months	£375.5	—1.25	£345.5
Producers	$780/825	......	$760
Oils			
Coconut (Phil)	$905u	—5	$870
Groundnut	‡	......	‡
Linseed Crude	$418	......	£395
Palm Malayan	$725	......	$660
Seeds			
Copra Phillip	$600	+5	$565
Soyabean(U.S.)	$284.25w	......	$280
Grains			
Barley Futures	£100.55	—0.20	£97
Maize			
French No3AM	£117s	......	£120
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£96.25r	+1.25	£108.50
Eng. Millingt.	‡	......	‡
Other commodities			
Cocoa ship.t	£1,524	+4	£1,534
Future May.	£1,465.5	+11	£1,475.5
CoffeeF't'rMar	£1,513.5	+26	£1,580.5
Cotton A.Index	91.70c	+2.25	83.4c
Rubber (kilo)	77.50p	—1.5	65.5p
Sugar (Raw)	£204	—5	£179
Wooltp's 64s kl	290p kilo	......	276pkilo

r Jan.-Feb. s Feb. v Feb.-March. t March-April. u April. w May. z Indicator. $Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 28 tonnes. Few dealings occurred with only limited offtake. Scattered operations were directed towards Middle Eastern qualities.

GRIMSBY FISH—Supply fair, demand moderate. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.40, codlings £2.20-£3.34. Large haddock £5.00-£5.40, small haddock £4.00. Large plaice £4.30-£4.60, medium £3.70-£4.40. Best small plaice £3.50-£3.90; Skinned dogfish (medium) £8.50. Lemon soles (medium) £9.50, (large) £11.50. Rockfish £2.40-£2.70. Reds £2.50-£2.80. Saithe £2.50.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 28. GB—Cattle 80.57p per kglw (—0.39). UK—Sheep 137.5p per kgestdcw (+0.2). GB—Pigs 66.4p per kglw (—2.5).

SMITHFIELD—pence per pound. Beef. Scotch killed sides 64.0 to 68.0. Eire hindquarters 70.0 to 74.0, forequarters 50.0 to 52.0. Veal: English fats 78.0 to 86.0, Dutch hinds and ends 108.0 to 112.0. Lamb: English small 54.0 to 62.0, *English small 66.0, medium 48.0 to 58.0, heavy 40.0 to 52.0, Scotch medium 4.0 to 58.0, heavy 40.0 to 52.0; Imported frozen: N.Z. PL new season 50.0 to 51.0, N.Z. PM new season 48.0 to 49.0. Pork: English, under 100 lbs, 40.0 to 50.0; 100-120 lbs 39.0 to 48.0; 120-160 lbs, 37.0 to 47.0. * Special quotation —very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navel/Navelinas 4.00-4.80; Jaffa: Navels/Shamouti 50/189s 3.90-5.50; Greek: 2.50-2.60; Moroccan: 84/113s 3.80-4.00; Egyptian: 3.30-3.40. Satsumas—Spania: 95/189s 3.20-3.60. Clementines—Moroccan: 3/8s 4.00-5.00; Cyprus: 128/162 3.40-4.00. Lemons—Italian: 100/150s 5.50-5.80; Cyprus: 11-kg 84/120s 3.60-5.20. Grapefruit—Cyprus: 2.80-3.40; 20-kg 3.30-4.40; Jaffa: Large boxes 32/88s 3.80-4.80; Florida: Pink flesh 36/48s 4.80-5.30. Sours/Bitters — Spanish: 4.60-5.00. Apples—French: Golden Delicious, boxes 40-lb 138/175 4.20-5.40, 20-lb 2.20-2.80; Granny Smith 20-lb 2.60-3.20, 40-lb 4.40-5.80, Starkcrimson, approx. 20-lb 72s 2.60; 40-lb 5.60-6.30; Hungarian: Starking 40-lb 138s 6.00; Canadian: Red Delicious 40-lb 8.50-9.50; Italian: Granny Smith 20-lb, per pound 0.12-0.14. Grapes—Californian: Red Emperor, per pound 0.42-0.48; S. African: Den Ben Hennah 9.00. Plums—S. African: Santa Rosas per pound 0.27-0.32, Gaviottas 0.40-0.50. Apricots—S. African: Per pound 0.40-0.50. Avocados—Israeli: 4.50-4.80. Canary: 7.00. Melons—Spanish: Green 7.00. 15-kg Green 8/15s 14.00. Pineapples—Ivory Coast: Each 0.60-0.90. Onions—Spanish: 5.00-5.20; Dutch: 3.00-3.30. Tomatoes—Canary: 3.80-4.50. Bananas—Jamaican: 28-lb 0.17-0.17½. Lettuce—Dutch: 24s 3.30. Cucumbers—Canary: 10/14s 3.40-3.60. Capsicums—Canary: Per pound 0.30-0.33. Celery—American: 36s 13.00; Israeli: 20/24s 7.00; Spanish: 5.50-5.80. Cauliflowers—French: 24s 8.50; Jersey: 8.00. Potatoes—Italian: Boxes 20-lb 3.00; Cyprus: 55-lb 4.90. Dates—Tunisian: 30s per box 0.36-0.42; Californian: Per pound 0.30-0.31.

English Produce: Potatoes—Per bag 2.40-3.00. Lettuce—Per 12, round 1.30-1.50. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Bramley 0.06-0.14, Cox's Orange Pippin 0.06-0.14, Spartans 0.10-0.12, Laxton 0.08-0.10. Pears—Per pound Conference 0.05-0.10, Comice 0.14-0.20. Swedes—Per 25/28-lb 0.70-0.80. Parsnips—Per 28-lb 1.40-1.50. Turnips—Per 28-lb 1.40-1.50. Cauliflowers—12s Kent 2.80-3.00. Rhubarb—Per pound, forced 0.22. Sprouts—Per pound 0.06-0.07. Cabbages Per bag 1.20. White cabbages 1.50. Onions—Per bag 2.40-2.80. Carrots—Per bag 0.60-0.90. Beetroots—Per bag 1.00-1.20.

AMERICAN MARKETS

NEW YORK, January 28.

A LOWER London spot price weakened gold futures. Silver was offered $1 lower in continued response to the exchange's ban on new market positions. Copper was sharply lower due to the Comex ruling limiting the size of speculative accounts and the doubling of initial margin requirements. Rising corn and wheat prices on the talk of exporter buying prompted sympathy buying in the soyabeans. Sugar was sharply lower on reports that Cocoa-Cola would allow the use of hihgh fructose corn syrup. Cocoa advanced slightly on technical buying. Coffee wase mixed, rebounding off its loss on trade buying, reported Heinold.

Sales: 4,800. Handy and Harman bullion spot 3500.00 (same).

Copper—Jan. 126.10 (130.00), Feb 124.90 (130.50), March 126.00-127.00, May 126.00-127.50, July 127.00-128.00, Sept. 129.30, Dec. 128.10, Jan. 128.40, March 128.90, May 129.40, July 129.90, Sept. 130.40. Sales: 9,984.

¶Silver—Jan. 3390.0-3400.0 (3350.0). Feb. 3600.0 (3700.0), March 3650.0, May 3700.0, July 3740.0, Sept. 3780.0, Dec. 3837.0, Jan. 3855.5, March 3893.5, May 3930.5, July 3967.5, Sept. 4004.5.

Potatoes (round whites)—March 58.5 (59.2), April unquoted (65.4), May 74.0-74.5, Nov. unquoted. Sales: 944

Tin—778.00-790.00 asked (788.00-800.00).

CHICAGO, January 28.

Lard—Chicago loose 21.25 (21.00). New York prime steam 22.75.

Live Cattle—Feb. 64.82-64.95 (64.42), April 68.60-68.45 (68.60), June 71.40-71.25, Aug. 71.27-21.00, Oct. 70.05, Dec. 71.10, Jan. ——, Feb. ——.

Live Hogs—Feb. 39.85-39.60 (40.10), April 39.20-39.50 (39.55), June 42.92-43.00, July 44.15-44.00, Aug. 43.40, Oct. 42.35, Dec. 44.30, Feb. 45.05, April 43.80.

‡‡Maize—March 272¾-272½ (270½), May 285½-285 (283¾), July 294½-294, Sept. 302-302¾, Dec. 308½-308¾, March 319-319¾.

Pork Bellies—Feb. 41.80-42.00 (42.95), March 42.50-42.65 (42.40), May 44.40-44.25, July 45.95, Aug. 45.52-45.50, Feb. 54.20, March ——, May ——, July ——, Aug. ——.

Silver—Jan. 3261.0-3400.0 (3400.0), Feb. 3585.0 (3705.0), March 3617.0, April 3652.0, June 3699.0, Aug. 3743.0, Oct. 3790.0, Dec 3835.0, Feb. 3875.0, April 3920.0, June 3965.0, Aug. 4010.0, Oct. 4055.0, Dec. 4100.0, Feb. 4145.0, April 4197.2, June 4236.9, Aug. 4276.5.

‡Soyabeans—March 661-661 (660½), May 683½-683 (682¾), July 704-703½, Aug. 711½, Sept. 719, Nov. 730½-731½, Jan. 747½, March 765½.

"Soyabean Meal—March 184.00-184.20 (184.40), May 188.30-188.59 (188.90), July 194.00-193.80, Aug. 196.00-197.00, Sept. 199.50-200.00, Oct. 202.50, Dec. 205.50-205.20, Jan. 206.50-208.00, March 210.00-213.00, May ——.

Soyabean Oil — March 23.55-23.60 (23.52), May 24.08-24.12 (24.00), July 24.52-24.55, Aug. 24.80-24.84, Sept. 25.05, Oct. 25.30, Dec. 25.65-25.60, Jan. 25.65-25.70, March 25.90-26.00, May ——.

‡Wheat—March 457-456½ (448½), May 461½-461 (456), July 464½-465, Sept. 475, Dec 492-491, March 507½.

WINNIPEG, January 28. §Barley—March 114.30 (114.60), May 115.60 (115.20), July 114.90, Oct. 109.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 238.05 (236.35).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs) § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 28.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $196, March $200. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $198, March $200. U.S. No. 2 Northern Spring, 14 per cent, Feb. $208.50, March $210, April-May $200, May-June $200, June-July $201, July-Aug. $204.

Maize—U.S. No. 3 Corn Yellow afloat $129, Jan. $127, Feb. $126.50, March $130, April-June $138, July-Sept. $142, Oct.-Dec. $146 sellers, Feb. $126.50 traded.

Soyabeans—U.S. Two Yellow Gulfports Feb. $267.25, March $271, April $276.50, May $279, June $284.60, July $287.50, Aug. $290.50, Sept. $293, Oct.-Nov. $295, Dec. $300, Jan. $305. Brazil Yellow Faq. unquoted. Argentine May $276. Soyameal—44 per cent protein U.S. afloat $250, Jan. $249, Feb. $245, March $244, April-Sept. $245.50. Brazil Pellets April-May $247, April-Sept. $251.

PARIS, January 28.

Cocoa (FFr per 100 kilos)—March 1330-39, May 1325-35, July 1330, Sept. 1340, Dec. 1340, March 1365-1400. Sales at call 1.

Sugar (FFr per 100 kilos)—March 1845-70, May 1908-10, July 1905-25, Aug. 1925-32, Oct. 1935-55, Nov. 1930-55, Dec. 1950-70, March 1955-80. Sales at call 50.

INDICES

FINANCIAL TIMES

Jan. 25	Jan. 24	M'nth ago	Year ago
302.25	302.58	301.09	263.75

(Base: July 1, 1952=100)

MOODY'S

Jan. 25	Jan. 24	M'nth ago	Year ago
1413.5	1423.9	1299.9	996.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 25	Jan. 24	Month ago	Year ago
Spot	434.54	439.28	421.83	373.17
F'tur's	441.45	444.11	426.69	368.78

(Average 1924-25-26=100)

REUTERS

Jan. 28	Jan. 25	M'nth ago	Year ago
1789.1	1785.1	1701.2	1503.3

(Base: September 18, 1931=100)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Adur (079-176 1591)	14½	½-year	1,000	2-3
Barnsley (0226 203232)	14½	½-year	1,000	2
Knowsley (051-548 6555)	14½	½-year	1,000	1
Redbridge (01-478 3020)	13½	½-year	200	5-6

Equities derive some encouragement from steel moves
Gilts still digesting recent heavy stock purchases

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18
Feb. 11	Feb. 21	Feb. 22	Mar. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Drawing encouragement from progress over the weekend in talks with seven craft unions and two general unions in the steel *dispute*, equity markets began a new trading Account with an extension of the firm trend which had characterised Friday's late trade. Business overall was inhibited by the absence from the talks of the two main steel unions and by the situation in the water industry.

Leading shares moved a few pence higher at the outset but investment enthusiasm cooled after about an hour and it was left to individual sectors to provide the features. Secondary Oils were outstanding on continued speculative buying, but comment about increased competition among *food retailers* exerted pressure on stocks such as **J. Sainsbury**, **Associated Dairies**, **Tesco** and **Kwik Save** which sustained losses ranging to 12p.

Owing to lack of follow-*through buying*, leading industrials generally drifted down from the best levels but held part of the gains in the absence of sellers. The FT 30-share index *was showing a rise of 4.0 at the* 11.00 am calculation, but it closed only 1.2 up at 453.6.

The market in Gilt-edged securities was still digesting recent heavy purchases, and reported doubts about the Government's strategy on public spending cuts made no noticeable impact on sentiment. Last week's newcomer **Treasury** 12¾ per cent "A" 2003-05 attracted *a good deal of a much reduced* business and eased further to close ¾ off at £23¾ for the £25-paid stock. The short tap **Exchequer** 13½ per cent 1983 *(£60-paid)* also cheapened and settled 5/16 down at £59½; other losses in Gilts were usually limited to ¼.

The latest fall in bullion prices *caused dealers to mark down* South African Gold shares, but little selling ensued and the market held steady at the lower level. Losses among heavyweight *stocks ranged to about a point* and the FT Gold Mines index gave up its previous two-day rise to end 13.7 down at 311.2.

Traded options attracted a total of *619 contracts. This com*pares with Friday's 867 and last week's daily average of 1,306. Mining issues were again well to the fore with **RTZ** attracting 180 *deals and* **Cons. Gold Fields** *90*.

The major clearing banks *began the new Account on a* quietly firm note. Renewed support ahead of the forthcoming dividend season left improvements ranging to 6 as in **Lloyds**, *at 308p*. Suggestions that the recent sale of its shareholdings in Standard Chartered and Sedgwick Forbes could lead to the bank making a fresh *American bid left* **Midland** 5 to the good at 360p. Irish issues made progress with **Bank of Ireland** up 7 higher at 337p and **Allied** a few pence up at 115p. **Bank Leumi (UK)** *added 10 to* 110p ahead of tomorrow's preliminary results. In merchant banks, **Antony Gibbs** rose 6 to 80p on hopes of early news of the **Hong Kong and Shanghai** bid approach; the latter gained 4 to 193p.

Comment on the **Marsh and McLennan** bid situation prompted a gain of 4 to *145p* in **Bowring**. Elsewhere in Lloyds brokers, **Sedgwick Forbes** eased a couple of pence to 96p, the level at which Midland Bank successfully placed its remaining 10.46 per cent stake with various institutionals last Friday. *Despite the increased deficit and* dividend omission, **Brentnall Beard** closed unaltered at 12p.

Wines and Spirits attracted a useful two-way business. **Highland**, still unsettled by Friday's surprise news that the Hiram *Walker offer is to be referred* to the Monopolies Commission, eased a further penny to 121p, while thoughts that any further offers in the sector would be curtailed in a similar manner left **Arthur Bell** 5 cheaper at 181p. Breweries held steady Friday's closing levels following a subdued day's trading but, after last week's fall of 7 on adverse comment, **Allied** fell 2 more to 75p. **Davenports'** added 3 to 157p ahead of today's annual meeting.

In Buildings, buying in a thin market ahead of today's annual results lifted **IDC** 6 to 138p. **Tysons (Contractors)** added 4 to 22p *on the sale of Victoria* Buildings in Liverpool for £1.66m, but **SGB** shed 5 to 232p on lack of interest. **Baggeridge Brick** met profit-taking and, at 48p, *gave up 3 of its recent* speculative rise, while **London Brick**, a penny firmer at one *stage, settled* ½ cheaper on balance at 67½p as interest petered out. *Among house*builders, **Barratt Developments** benefited from Press comment and added 2 to 117p, while **Gough Cooper** firmed 4½ to *74p xd*, also following an investment recommendation.

ICI encountered modest support and improved 5 to 380p, but **Fisons** eased 2 to 287p. Among other *Chemicals*, **Ellis and Everard** responded to the better-than-expected interim statement with a gain of 12 to 134p, while **Bernard Wardle** put on 3½ to 28½p on revived *takeover* rumours.

Mothercare stood out in Stores with a Press-inspired rise of 6 to 214p. **Martin the Newsagent** found support and ended a similar amount higher at 198p while **Rosgill** rose 3 to 28p on demand ahead of today's interim results. A dull market recently on adverse comment, **Foster Bros.** relinquished 3 afresh to 83p, while **Helene of London** came on offer with the ordinary easing 2 to 23p and the 12 per cent Convertible shedding 15 to 225p. Following the enfranchisement of the "A" shares, **Burton** old and new closed at the common level of 118p after the *compensatory* scrip-issues.

Still reflecting poor annual results, **Muirhead** met fresh selling and reacted 8 more to 193p xd. Elsewhere in the Electrical sector, **Automated Security** provided one of the few noteworthy *movements* with a gain of 7 to 240p. Favourable Press mention stimulated buying in **AF Bulgin** which firmed 3 to 32p, while **Audiotronic** at 7, rallied a *penny after last Friday's fall of* 2 which followed the *half-yearly* statement. Among the leaders, *GEC were on offer at 353p, down* 6, while **Thorn** eased 4 to 304p. **Racal**, however, firmed 5 more to 231p helped by comment on its bid for Decca; the latter's ordinary improved 15 to *375p* and the "A" 10 to 335p in *sympathy*.

Vickers met revived demand and put on 4 to 128p, but interest in other Engineering leaders was at a low ebb. Elsewhere, **ML Holdings** were particularly firm at 240p, up 10, awaiting interim results due on Friday. **Butterfield Harvey** encountered support and put on 2½ to 43½p, while investment demand lifted **Serck** 6 to 46p. **Midland Industries** *weer* also wanted and put on 4 to 86p *along* with **Mining Supplies**, 3 to the good at 84p, and **T. W. Ward**, 3½ higher at 86p. **Yarrow** improved 10 to 340p in a limited market.

Associated Dairies' announcement of price cuts and the implications for an intensified price war and a consequent squeeze on profit margins made for particularly dull conditions among Food Retailers. Standing *6 up prior to the announcement*, Associated Dairies turned down sharply to end a net 10 lower at 178p. Competitors **J. Sainsbury** dropped 12 to 298p, after 296p, and **Tesco** *eased* 2½ to 68p, after 67½p, while **Kwik Save** dipped 5 to 113p, after 112p. **Hillards**, in a thin market, also gave up 5, to 165p, while **William Morrison** relinquished 2 to 158p. Among other Foods, **Tate and** *Lyle attracted buyers and improved 4 to 174p. Speculative* interest was again shown in *Barker and Dobson which added* 2 to 31p, while **P. Panto** firmed 3 to 26p in belated response to Press comment. **Somportex** were notable for a gain of 6 at 108p. The announcement that **Siagio** had disposed of its Indian tea interests to Caparo for £1.5m made no impression on the former's share price which held at 16p.

Secondary issues provided the main points in miscellaneous industrials on the first day of a *new Account*. The highlight was provided by **Channel Tunnel** which jumped 47 to 145p, after 150p, in response to a Press report that the Government is *on the verge of approving the* building of a £700m tunnel. Speculative support was again forthcoming for **Hamilborne**, and the close was 7 higher at *70p, while speculative buying on* bid hopes left **Gomme** 4 better at 52p and **Pauls and Whites** 5 dearer at 124p. Demand of a similar nature lifted **Aeronautical and General Instruments** 12 to 224p, while improvements of 8 and 10 respectively were recorded in **Syltone**, 200p, and **Applied Computers**, 280p. A *re-appraisal* of the interim results helped **J. and J. Dyson** Ordinary add 7 to 54p and the A 6 to 53p, while renewed North Sea enthusiasm *lifted* **Cawoods** 6 to 158p. Investment support prompted a gain of 10 to 146p in **Vinten**, while **Letraset** added 3 to 141p xd following Press comment. Adverse comment, however, clipped 4 from **Macarthys Pharmaceuticals** at 100p, while **Sothebys**, at 462p, lost 8 of its recent strong advance on profit-taking. The leaders gained ground in places but business was *small*. **Bowater** advanced 4 to 166p and **Reed International** improved 3 *to* 193p; the latter's third-quarter figures are due today.

In Motor Distributors, the recent bid denial failed to stem *speculative buying in* **Appleyard** which closed 4 up at 83p. **Caffyns** added 3 to 146p for a *similar reason*.

Although Properties had a generally firm appearance, interest centred mainly on selected secondary issues. Buyers became attracted to **Centrovincial** which *put* on 8 to 124p, while **Mountview Estates** and **London and Provincial Shop** added 4 to 110p and 264p respectively. The increased interim *revenue prompted a gain of 2* to 39p in *Country and New Town*. **Corn Exchange** revived with a *gain of 6 to 297p*, while **Bradford** firmed 5 to 155p. **Estates Property Investment** hardened a penny to 137p on the interim statement.

Oil *shares* closed with further widespread and substantial gains *after another extremely active* day's trading. A little more business developed in the leaders, but the bulk of the trade was again concentrated on secondary issues. **Burmah** pushed ahead strongly to close 13 higher at 191p, while demand persisted for **Siebens (UK)** which advanced 44 more to 694p. **Sceptre** jumped 60 to 490p and rises of 20 wer recorded in **CCP North Sea**, 325p, **Cluff**, 460p, and **Gas and Oil Acreage**, 430p. **Ultramar** improved 14 to 448p. Among the leaders, **British Petroleum** settled a few pence *below the best* at 342p, up 6, while **Shell** ended a similar amount up at 350p, after 352p.

Overseas Traders continued to attract support. **Sime Darby** and **James** *Finlay both added* 5 to the common level of 88p.

After an initial mark-down in the wake of the lower bullion price, South African Golds came *under little pressure either way* until the late after-hours' trade when small-scale London buying interest was reported.

This buying took prices off their lows but falls at the close were still fairly sizeable. The Gold Mines index sustained a los of 13.7 to 311.2.

Among heavyweight Golds, **Vaal Reefs** dropped £1⅛ to £27⅜, ex-dividend, while losses of around ½ were commons to **East Driefontein**, £11, **Kloof**, £12¼, and **Western Deep**, £16¼.

Medium and lower-priced issues showed **Libanon** 51 off at 872p, **Doornfontein** 41 cheaper at 574p and the marginals **Bracken** and **Marievale** down 21 at 172p and 159p respectively.

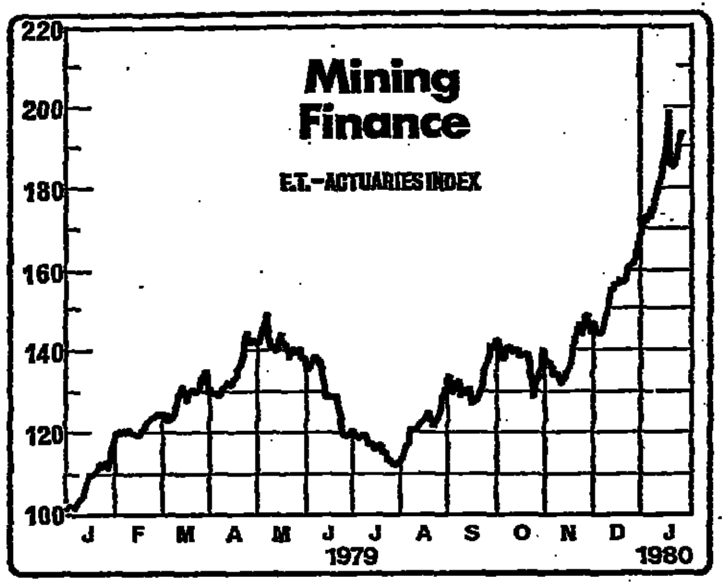
South African Financials followed the trend in Golds. **Anglo American Corporation** gave pu 30 to 580p, "**Amgold**" ½ to £38 and **Gold Fields of South** *Africa* ⅛ *to* £31, the last-named despite the almost doubled dividend and sharply increased profits announced late on Friday.

Although much quieter than recently, London Financials still encountered a brisk two-way trade. **Rio Tinto-Zinc** rose 4 more to 406p reflecting the buoyant copper price, while **Selection Trust** added 10 to 680p. **Gold Fields**, on the other hand, dipped 5 to 447p on profit-taking.

Platinums rallied strongly after an uncertain start; **Impala** closed 4 firmer on balance at 284p, after 270p, while **Rustenburg** showed a net gain of 3 at 273p, after 265p.

Australians moved further ahead despite the absence of any lead from overnight Sydney and *Melbourne markets which* were closed for Australia Day.

Western Mining, 7 up at 239p, attracted good institutional buying on further consideration of the latest drilling report from the Olympic Dam prospect, while renewed heavy speculative interest lifted **Mount Lyell** a further 14 to 134p.



FINANCIAL TIMES STOCK INDICES

	Jan. 28	Jan. 25	Jan. 24	Jan. 23	Jan. 22	Jan. 21	A year ago
Government Secs.	67.64	67.78	68.25	68.93	68.78	69.96	65.54
Fixed Interest	69.01	69.40	69.61	69.41	69.42	69.61	67.98
Industrial	453.6	452.4	446.7	450.8	449.8	457.7	465.3
Gold Mines	311.2	324.9	320.7	311.6	318.6	352.5	188.1
Ord. Div. Yield	7.26	7.27	7.34	7.31	7.27	7.18	6.22
Earnings, Yld. % (full)	17.89	17.94	18.08	18.08	18.07	17.77	15.95
P/E Ratio (net) (*)	6.87	6.85	6.79	6.82	6.80	6.91	7.86
Total bargains	21,305	25,407	23,058	23,615	24,657	26,711	—
Equity turnover £m	—	134.25	123.80	107.68	173.30	163.62	97.56
Equity bargains total	—	17,958	17,265	16,758	19,663	22,586	12,435

10 am 453.8. 11 am 456.4. Noon 454.8. 1 pm 455.0.
2 pm 454.7. 3 pm 454.8.
Latest Index 01-246 8026.
*Nil = 6.62.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 28	Jan. 25
—Daily		
Gilt Edged	118.0	121.4
Industrials	120.5	106.3
Speculative	58.9	49.9
Totals	86.3	78.5

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	41	15	—	—	—	—	344p
BP	360	—	—	59	5	40	—	"
BP	375	21	32	—	—	—	—	"
BP	390	—	—	27	2	[illegible]	—	"
BP	400	11	31	—	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	140	14	4	19	[illegible]	[illegible]	[illegible]	145p
Cons. Gold	380	105	5	122	[illegible]	[illegible]	[illegible]	447p
Cons. Gold	390	79	5	101	[illegible]	[illegible]	[illegible]	"
Cons. Gold	420	59	2	82	[illegible]	[illegible]	[illegible]	"
Cons. Gold	460	38	47	60	[illegible]	[illegible]	[illegible]	"
Cons. Gold	500	22	31	41	[illegible]	[illegible]	[illegible]	"
GEC	390	16	2	31	[illegible]	[illegible]	[illegible]	354p
Grand Met.	140	9	4	16	[illegible]	[illegible]	[illegible]	137p
Grand Met.	160	3½	4	8½	[illegible]	[illegible]	[illegible]	"
ICI	360	33	3	47	[illegible]	[illegible]	[illegible]	380p
ICI	390	17	37	30	[illegible]	[illegible]	[illegible]	"
Land Secs.	280	29	—	36	[illegible]	[illegible]	[illegible]	305p
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	350p
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Totals			515		[illegible]		[illegible]	
		February		May		August		
Imperial Gp.	70	8½	12	9	[illegible]	12½	[illegible]	77p
Imperial Gp.	80	1½	25	4	[illegible]	6½	[illegible]	"
Racal Elec.	180	54	[illegible]	65	[illegible]	[illegible]	[illegible]	231p
Racal Elec.	200	35	[illegible]	46	[illegible]	[illegible]	[illegible]	"
Racal Elec.	220	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	280	121	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	406p
RTZ	330	51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	360	38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	390	18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
RTZ	420	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Totals			[illegible]		[illegible]		[illegible]	

NEW HIGHS AND LOWS FOR 1979/80

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1979/80.

NEW HIGHS (93)

[illegible]

NEW LOWS (18)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Jan. 28, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Jan. 25 Index No.	Thur., Jan. 24 Index No.	Wed., Jan. 23 Index No.	Tues., Jan. 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	231.88	−0.1	18.73	6.73	6.74	232.22	230.94	229.71	229.74	228.71
2	Building Materials (27)	225.72	+0.1	17.43	6.94	7.36	225.46	222.26	220.67	219.07	201.97
3	Contracting, Construction (29)	349.29	+0.4	26.42	6.93	4.68	348.01	347.90	344.74	346.34	345.98
4	Electricals (15)	585.60	−1.1	13.83	4.24	9.64	592.37	587.31	582.62	583.35	534.33
5	Engineering Contractors (11)	285.04	+1.0	25.98	8.98	4.90	282.32	285.48	293.47	294.31	353.92
6	Mechanical Engineering (74)	162.24	+0.2	21.18	8.02	5.83	161.85	161.86	160.86	160.74	178.89
8	Metals and Metal Forming (16)	160.05	+0.6	20.83	9.49	5.77	159.12	158.66	158.69	159.85	159.71
11	CONSUMER GOODS (DURABLE) (50)	215.11	+0.4	16.58	5.67	7.45	214.20	213.73	218.01	209.23	203.06
12	Lt. Electronics, Radio, TV (15)	296.95	+0.3	12.91	4.33	9.94	296.00	295.09	287.18	286.50	259.36
13	Household Goods (14)	114.52	+0.6	26.34	9.46	4.57	113.86	113.47	113.68	114.39	164.12
14	Motors and Distributors (21)	113.50	+0.6	23.68	8.22	4.98	112.77	112.81	113.03	111.99	114.87
21	CONSUMER GOODS (NON-DURABLE) (173)	222.05	−0.2	18.19	6.85	6.77	222.41	221.59	222.23	222.33	206.83
22	Breweries (14)	258.45	−0.6	17.14	6.77	6.82	259.97	260.21	263.62	265.29	228.56
23	Wines and Spirits (5)	302.96	−1.1	17.91	6.12	6.89	306.31	313.61	315.91	318.00	294.16
24	Entertainment, Catering (17)	300.54	−0.2	18.57	6.97	6.78	301.19	299.83	298.51	297.75	273.15
25	Food Manufacturing (19)	203.01	+0.3	19.94	7.17	6.19	202.32	202.03	201.42	202.30	194.51
26	Food Retailing (15)	310.33	−2.8	13.37	4.58	8.93	319.14	318.29	317.45	319.37	227.07
32	Newspapers, Publishing (13)	428.91	+0.1	23.24	7.00	5.92	428.69	427.53	425.56	426.06	379.19
33	Packaging and Paper (15)	125.58	+0.9	23.71	9.04	5.43	124.50	124.62	124.72	124.83	133.55
34	Stores (43)	221.00	+0.2	13.92	5.25	9.28	220.45	217.34	219.07	217.87	190.74
35	Textiles (23)	129.70	−0.5	28.40	12.50	4.45	130.33	130.41	130.17	129.95	174.63
36	Tobaccos (3)	219.39	+1.0	25.98	10.16	4.35	217.29	217.29	216.71	216.68	236.46
37	Toys and Games (6)	43.69	−0.3	37.47	16.39	3.37	43.82	43.37	43.54	43.66	90.44
41	OTHER GROUPS (97)	203.97	+0.7	15.56	6.62	7.79	202.46	201.34	199.72	199.39	192.20
42	Chemicals (17)	300.26	+1.1	16.38	6.71	7.05	296.98	294.83	295.70	293.96	271.57
43	Pharmaceutical Products (7)	215.78	+0.9	11.80	5.93	10.34	213.86	211.12	208.97	206.89	234.91
44	Office Equipment (6)	115.13	−0.2	19.03	7.10	6.19	115.37	115.62	108.03	109.40	125.10
45	Shipping (10)	433.39	−0.1	12.21	7.45	10.45	433.65	433.13	427.63	430.80	425.98
46	Miscellaneous (57)	239.82	+0.7	16.56	6.64	7.66	238.27	237.67	236.24	236.77	209.82
49	INDUSTRIAL GROUP (492)	226.76	+0.1	17.57	6.68	7.03	226.52	225.51	224.77	224.68	215.06
51	Oils (8)	717.74	+1.9	15.66	6.65	6.90	704.17	698.15	697.18	700.97	499.78
59	500 SHARE INDEX	265.71	+0.5	17.18	6.67	7.01	264.47	263.07	262.31	262.51	238.71
61	FINANCIAL GROUP (117)	193.44	+0.3	—	5.72	—	192.87	191.94	191.19	192.03	168.18
62	Banks (6)	224.23	+1.2	37.09	5.80	3.44	221.65	219.98	221.72	224.92	203.11
63	Discount Houses (10)	245.60	−0.6	—	8.29	—	246.96	243.27	243.01	240.49	209.28
64	Hire Purchase (5)	182.83	+0.3	18.33	5.20	7.06	182.37	184.64	181.88	182.86	162.75
65	Insurance (Life) (10)	161.40	+0.4	—	6.52	—	160.78	161.04	159.67	159.89	131.18
66	Insurance (Composite) (9)	128.97	−0.3	—	7.53	—	129.34	128.64	127.49	127.77	118.19
67	Insurance Brokers (10)	287.87	−0.3	17.15	6.81	8.38	288.81	293.99	294.20	294.88	298.43
68	Merchant Banks (14)	98.51	+0.2	—	6.84	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (44)	351.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon., Jan. 28	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	101.29	−0.04	0.22	0.68
2	5-15 years	105.52	−0.14	—	1.88
3	Over 15 years	112.24	−0.19	—	0.42
4	Irredeemables	132.50	−0.34	—	0.80
5	All stocks	106.23	−0.12	0.08	0.86

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Mon., Jan. 28	Fri., Jan. 25	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Mon., Jan. 28 Index No.	Yield %	Fri. Jan. 25	Thurs. Jan. 24	Wed. Jan. 23	Tues. Jan. 22	Mon. Jan. 21	Fri. Jan. 18	Thurs. Jan. 17	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	51.04	14.49	50.90	50.94	50.89	50.87	50.87	50.63	50.31	54.09
16	Investment Trust Prefs. (15)	47.88	15.79	47.96	47.96	47.96	47.91	47.83	47.78	46.92	50.13
17	Coml. and Indl. Prefs. (20)	62.09	14.44	62.03	62.01	62.01	61.96	61.86	61.81	61.68	71.25

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p. CORRECTION: [illegible] Trade Indemnity should have been described as Composite Insurance.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
RTZ	25p	12	406	+ 4	410	226
Burmah Oil	£1	11	191	+13	197	82
BP 'New'	25p	9	137	+ 2	182	128
GEC	25p	9	353	− 6	456	311
Premier Cons.	5p	9	65½	+ 3	65½	13
Shell Transport	25p	9	350	+ 6	402	278
Cons. Gold Fields	25p	8	447	− 5	482	178
Racal Electronics	25p	8	231	+ 5	276	168½
European Ferries	25p	7	109	− ½	183	92
KCA Intl.	25p	7	60	+ 5	60	28
LASMO	25p	7	412	+ 7	412	124
Tesco Stores	5p	7	68	− 2½	82	51½
Assoc. Dairies	25p	6	178	−10	204	126
Brown (John)	25p	6	57	− 1	123	50
ICI	£1	6	380	+ 5	415	314

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19
Feb. 18	Feb. 29	May 9	Jun. 9

For rate indications see end of Share Information Service

In a quiet trade, call options were dealt in Burmah, Ultramar, Premier Oil, Muirhead, Dundonian, Lonrho, New *Throgmorton Warrants*, *FNFC*, Town and City, Britannia Arrow, Greencoat Properties and Armour Trust. No puts were reported, but doubles were arranged in Woodside, New Throgmorton Warrants, BP and GEC.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mgrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.♥ (a)(x)

Bishopsgate Progressive Mgmt. Co.♥

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.♥ (a)

Brown Shipley & Co. Ltd.♥

Canada Life Unit Tst. Mngrs. Ltd.♥

Capel (James) Mgt. Ltd.♥

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

Charities Official Invest. Fund♥

Chieftain Trust Managers Ltd.♥ (a)(g)

Confederation Funds Mgt. Ltd.♥ (a)

Cosmopolitan Fund Managers (a)

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

NOTES

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.♥ (a)(b)(c)

Fidelity International Management Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Trt Mgrs.♥

Funds in Court♥

G.T. Unit Managers Ltd.♥

G. & A. Trust (a) (g)

Gartmore Fund Managers♥ (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)♥

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration♥ (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.♥ (a)

Investment Intelligence Ltd.♥ (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers♥

L & C Unit Trust Management Ltd.♥

Legal & General Tyndall Fund♥

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.♥

M & G Group♥ (y)(c)(z)

MLA Unit Trust Mngmt. Ltd.

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Minster Fund Managers Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.♥ (a)

Practical Invest. Co. Ltd.♥ (y)(c)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group♥

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.♥

Sebag Unit Tst. Managers Ltd.♥ (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.♥(a)(g)

Tower Unit Trust Mngt. Ltd.♥

Trades Union Unit Tst. Managers♥

Transatlantic and Gen. Secs. Co.♥ (y)

Tyndall Managers Ltd.♥

National Westminster♥ (a)

TSB Unit Trusts (y)

Ulster Bank♥ (a)

Unit Trust Account & Mngt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.♥

Canada Life Assurance Co.

Cannon Assurance Ltd.♥

Capital Life Assurance♥

Charterhouse Magna Gp.♥

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Ins. Co. Ltd.♥

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.♥

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.♥

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.♥

Guardian Royal Exchange

Hambro Life Assurance Limited♥

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.♥

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.♥

M & G Group♥

Manufacturers Life Insurance Co.

Merchant Investors Assurance♥

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.♥

Norwich Union Insurance Group♥

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.♥

Property Growth Assur. Co. Ltd.♥

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited♥

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group♥

Schroder Life Group♥

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company♥

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.♥

Tyndall Assurance/Pensions♥

Vanbrugh Life Assurance♥

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.♥

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

103¼	96	FFI 13pc 1981	98	......	13.27	15.16
108¼	94	Do. 14pc '83	96¼	......	14.54	15.27
86½	77½	ICFC 5½pc Deb. '80-82	83½	......	6.74	14.83
85	69	Do. 6¼pcDb. '81-84	74¾	-¼	8.59	14.30
99	79½	Do. 10½pc Uns.Ln. '86	86xd	......	12.20	14.00
99	77	Do. 11pc Uns.Ln. '88	85xd	......	12.94	13.80
101½	80	Do. 11¾pc Uns.Ln. '90	87½xd	......	13.42	14.10
72½	54½	Do. 7¼pcADeb. '89-92	60	......	12.37	14.30
69	51½	Do. 7¼pcA Db. '91-94	60½	+½	12.59	14.20
71½	64	Do. 9pc'A' '91-94	71½	+1	13.24	14.30
78½	61	Do. 8¾pcLn. '92-97	65xd	......	13.65	14.20
102	85	Do. 12½pc. Uns. Ln. 1992	94½	......	13.76	—

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

110	59	Clive Dis'nt 20p	78	......	5.33	—	9.8	—
224	121	Com'l Aus. ($A1)	139	......	Q18c	3.0	6.6	5.8
*£17	862	Com'zbk DM 10	900	-10	Q26.69%	—	7.7	—
£18½	900	C'hgn.Hbk.Kr100	975	......	Q12%	—	11.4	—
41	20	Corinthian 10p	40	......	†1.05	5.9	3.8	4.6
£24¾	£15	Cred. France F75	£17½	......	Q9.87%	—	3.7	—
11	5	Dawes (G. R.)	10	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£64	+¼	Q28.12%	—	5.8	—
90	55	F. C. Finance	63	+1	2.2	4.9	5.0	5.8
16¼	5¼	First Nat. 10p	16	......	—	—	—	Φ
4	1½	Do. Wrrts. 75-83	2¾	......	—	—	—	—
266	178	Gerrard Natnl.	240	+2	†9.12	—	5.4	—
80	38	Gibbs (A.)	80	+6	2.2	—	3.9	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

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BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

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[illegible]

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MINES

CENTRAL RAND

[illegible]

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[illegible]

FAR WEST RAND

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O.F.S.

[illegible]

FINANCE

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[illegible]

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
430	97	Coronation	370	−30	Q54c	2.2	8.4
675	132	Falcon Rh.50c	630	−30	Q100c	1.7	10.9
48	11	Rhod'n Corp. 16²⁄₃p	41	−2	0.56	6.5	2.0
267	70	Roan Cons. K4	240	−10	Q0.125	ϕ	3.2
67	26	Wankie Col. Rh.1	57	−1	Q9c	1.5	10.9
57	9	Zam.Cpr.SBD0.24	47	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
18	4	ACM 20c	18	+1	—	—	—
91	50	Bond Corp.	91	......	Q3.75	2.2	2.1
173	100	Bougainville 50 Toea	169	+1	†Q19.8c	1.6	5.8
265	84	BH South 50c	265	......	ϕ	—	—
12	12	Canada Northwest	12	......	—	—	—
26	8	Carr Boyd 20c	26	......	—	—	—
£25	340	Central Pacific	£23¼	+¾	—	—	—
318	170	Conzinc Riotinto 50c.	286	+1	NQ10c	2.0	1.8
36	14	Cultus Pacific N L	22	......	—	—	—
*50	2½	Eagle Corp 10c	58	+8	—	—	—
23½	11	Endeavour 20c	23½	+2	—	—	—
228	62	G. M. Kalgoorlie 25c	203	−5	Q3c	—	0.8
305	148	Hampton Areas 5p.	305	+20	3.5	2.8	1.6
75	20	Haoma Gold N.L.	35	+5	—	—	—
71½	25	Metals Ex. 50c	71	+1	—	—	—
304	134	M.I.M. Hldgs. 50c.	295	......	††Q16.1c	1.8	2.8
25	15	Minefields Expl.	19	+½	—	—	—
134	30	Mount Lyell 25c	134	+14	—	—	—
44	13	Newmetal 20c	24	−1	—	—	—
167	91	††North B. Hill 50c.	161	+2	Q12c	1.4	3.8
57	4½	Nth. Kalgurli	52	+1	—	—	—
165	45	Nth. Mining Corp.	144	......	—	—	—
71	18	N. West Mining N.L.	26	......	—	—	—
193	76	Oakbridge $A1	184	......	Q12c	4.7	3.4
112	22	Oilmin N L	97	......	—	—	—
136	58	Pacific Copper	136	+6	—	—	—
*575	125	Pancont'l 25c	405	......	—	—	—
*62	2	Paringa M&Ex.5p	55	......	—	—	—
450	248½	Peko-Wallsend 50c.	440	......	tQ17.5c	ϕ	2.1
217	125	Selfrust A	200	+8	—	—	—
900	145	Southern Pacific	845	+25	—	—	—
*62	8½	Swan Resources 20c.	60	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
239	121	Westn. Mining 50c.	239	+7	Q7c	1.6	1.6
28	8	Westmex	20	......	—	—	—
94	40	Whim Creek 20c.	90	+8	—	—	—
25	10½	York Resources	15½	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	27xd	......	1.0	1.9	5.3
435	265	Ayer Hitam $M1	295	......	Q290c	0.9	20.0
72	48	Beralt Tin	64	+1	4.5	ϕ	9.7
270	149½	Berjuntai $M1	150xd	......	‡Q95c	1.8	‡
190	125	Geevor	160	......	8.71	3.1	7.8
11	8	Gold & Base 12½p	11	......	—	—	—
365	295	Gopeng Cons.	335xd	+3	25.0	ϕ	10.7
370	289	Hongkong	300	......	35.87	ϕ	17.1
98	64	Idris 10p	93xd	+1	†8.0	1.6	12.3
15	9½	Jantar 12½p	14	......	—	—	—
95	38	Kamunting $M0.50	65	......	Q47½c	1.1	16.4
620	210	Killinghall $M1	300	......	Z60c	—	4.1
585	365	Malay Dredging $M1	560	......	†Q105c	2.6	3.8
57	26	Pahang	27	......	0.44	8.3	2.4
123	60	Pengkalen 10p	100xd	+2	6.0	ϕ	8.7
275	195	Petaling $M1	235	+5	Q150c	ϕ	13.0
67	53	Saint Piran	60	......	‡2.5	6.4	‡
58	34	South Crofty 10p	40	+1	‡3.0	2.0	‡
230	170	South Kinta $M0.50	200	+5	Q150c	1.0	15.3
430	265	Sthn Malayan $M1	360	......	Q175c	2.1	9.9
310	210	Sungei Besi $M1.	240	......	†Q520c	1.0	44.3
75	25	Supreme Corp. $M1.	35	......	Z010c	—	5.8
105	93	Tanjong 15p	100xd	+2½	7.5	0.7	11.0
115	90	Tongkah H. Tin	98	......	Q45c	1.3	11.2
280	190	Tronoh $M1	230	......	†Q25c	5.2	2.2

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
190	56	Messina R0.50	182	+4	Q10c	ϕ	3.1

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
81	54	Barymin	64	......	—	—	—
14½	10	Burma Mines 17½p	13	......	—	—	—
460	170	Cons. Murch. 10c.	405	−5	Q100c	ϕ	14.1
585	260	Northgate C$1	515	−5	—	—	—
410	226	R.T.Z.	406	+4	†11.5	3.4	4.0
31	12	Robert Mines	24	+1	—	—	—
65	26	Sabina Inds. C$1	38	......	—	—	—
860	470	Tara Exptn. $1	530	−20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ◆ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......
Bertam	18	+2
Bdg'wtr Est. 50p	365	......
Clover Croft	58	......
Craig & Rose £1	£10½	......
Dyson (R. A.) A	13	+1
Fife Forge	39	......
Finlay Pkg. 5p	19	......
Graig Shp. £1	950	+25
Higsons Brew	79	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	180	......
Pearce (C. H.)	385	......
Peel Mills	34	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	165	......

IRISH

Conv 9% '80/82	£86	......
Nat. 9¾% 84/89	£71¼	−⅓
Fin 13% 97/02	£85	−⅞
Alliance Gas	66	......
Arnott	340	......
Carroll (P.J.)	53	......
Clondalkin	100	+2
Concrete Prods.	85	......
Heiton (Hldgs.)	35	......
Ins. Corp.	200	......
Irish Ropes	66	......
Jacob	35	......
T.M.G.	135	+10
Unidare	82	......

OPTIONS

3-month Call Rates

Industrials		I C I	22	Utd Drapery	9
A. Brew	8	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lofs"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	20	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks & Spncr	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	28
Debenhams	8	Nat. West. Bank	32	Burmah Oil	15
Distillers	21	P & O Dfd.	9	Charterhall	6½
Dunlop	5½	Plessey	18	KCA	6½
Eagle Star	14	Racal Elect.	20	Premier	4½
F.N.F.C.	1⅛	R.H.M.	4½	Shell	28
Gen Accident	21	Rank Org.	18	Tricentrol	27
Gen Electric	30	Reed Intnl.	17	Ultramar	32
Glaxo	40	Sears	5½		
Grand Met	12	Tesco	7	**Mines**	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	23	Trust Houses	14	Cons. Gold	40
G.K.N.	22	Tube Invest.	27	Lonrho	9
Hawker Sidd	16	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday January 29 1980

Sadat to expel Soviet envoys

BY ROGER MATTHEWS IN CAIRO

EGYPT is to expel about 40 Soviet diplomats and the remaining Russian technicians in the country in retaliation against the invasion of Afghanistan.

The threat posed by the Soviet Union to South East Asia and the Middle East was the dominant theme of a two-and-a-half-hour speech by President Anwar Sadat yesterday. He said the Soviet embassy staff would be cut to seven, the same number as Egypt has in Moscow.

He accused Saudi Arabia of failing to understand the Soviet threat, and he told all the Gulf States that *the only guarantor* of their stability was the U.S. Saudi Arabia and its ruling *royal family were facing a crisis*, yet they insisted in trying to play off Washington and Moscow *against each other*. They had also led the moves to isolate Egypt and starve its people through the Arab boycott.

While Islamic foreign ministers were meeting to try to decide their response to the Soviet invasion, Egypt had already acted, which again demonstrated, said Mr. Sadat, that it was the unquestioned leader of the Arab and Islamic world. Instead of "isolating Egypt, they were isolating themselves."

In spite of all the provocation and insults hurled at Egypt, Mr. Sadat said he was remaining patient. He denied that Egypt had frozen $2bn (£889.000) of deposits lodged by Saudi Arabia, Kuwait and Iraq at the central bank in 1978, but admitted that *no interest was being paid*.

Attempts by these countries to have Egypt declared bankrupt *and frighten off other investors* had failed and "tens of billions of dollars were flowing into Egypt," he said. ...

Libya, Iraq, South Yemen, Syria and Jordan were all subjected to the predictable attacks of Mr. Sadat, but his fiercest words were saved for Ayatollah Khomeini, the Iranian religious leader, who he said was embarrassing Islam with his bloodletting, mad vengeance, concentration camps, secret trials and holding of American hostages.

There was praise, however, for Israel, which Mr. Sadat said had been fulfilling its commitments under the Camp David accords and the peace treaty in an honourable way. The talks on Palestinian autonomy were continuing, and Mr. Sadat said if he was successful, the entire Arab world would share the benefit, while if he failed, he alone would take the full responsibility.

Egypt had not deviated from the aim of securing a comprehensive peace in the region, and Mr. Sadat repeated his assertion that 800m Islamic people would never accept Israeli sovereignty over Jerusalem.

Mr. Sol Linowitz, the U.S. Middle East envoy, later held talks with President Sadat in an effort to find a way through the stalemate over the Palestinian negotiations before flying on to Israel today. Officials here discounted any Israeli alarm over the decision to ask their diplomats not to arrive here before February 15.

This was 10 days before ambassadors were due to be exchanged, and coincided with the advanced date which Egypt has proposed for the start of *negotiations over economic*, trade and cultural agreements. It was further pointed out that President Sadat's speech should be an even more positive indication that Egypt intended to abide fully by its agreements and the general peace policy it has been following.

Soviets seek closer links with Syria, Page 3

South Wales crippled by strike

By Robin Reeves, Welsh Correspondent

COAL FIELDS, railways, docks and many bus services in South Wales were paralysed yesterday by a one-day strike which the Wales TUC claimed was being supported in various ways by up to 250,000 Welsh trade unionists.

The 24-hour "day of action" was called by the Wales TUC as a protest against the threatened rapid run-down of the steel and coal industries in South Wales. Its focal point was a march through the centre of Cardiff to a rally at an overflowing Sophia Gardens pavilion, in which some 15,000 people from many unions participated.

Visibly moved by the tumultuous reception he received at the rally, Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said the protest was the starting point for a "revolution" against a reactionary govrnment's policies, which threatened to destroy industry in Wales and cripple the nation.

"We have seen today, a degree of solidarity that has never been seen before in this country," he said. "It is a starting point that the TUC has to take up."

Mr. Sirs wondered aloud whether present Government policies might lead to a general strike.

Mr. Lawrence Daly, general secretary of the National Union of Mineworkers, also saw the beginning of a major confrontation between the Government and the trade unions.

The Government, he said, had *declared a general offensive* against the trade union movement. "We have got to ensure *our forces are sufficiently united* to give the people of this country, either in 1980 or 1981, *the opportunity* to turn out the worst Conservative administration we have ever had."

Mr. Michael Foot, deputy leader of the Labour Party and MP for Ebbw Vale, told the rally that no Government in history had ever been given more warning. If it proceeded with its presnt policies it would provoke a clash of the first order.

He accused Lord Denning, who in the Appeal Court on Saturday ruled that ISTC plans to extend the current steel strike to the privatte sector of the industr ywere unlawful, of behaving like a referee who had taken it upon himself to change the rules.

THE LEX COLUMN

U.S. bonds hit by inflation fears

The relative firmness of the dollar over the last few days has been in striking contrast to the sorry disarray of the U.S. bond market. After showing some steadiness at a time when short money market rates were volatile, long bond prices have suddenly cracked as the peak of the present inflation cycle seems to have been postponed once again. The recession, which far-sighted economists were forecasting as long ago as 1977, has yet to arrive.

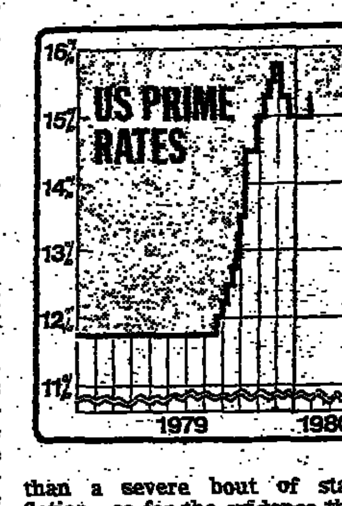
One *problem* is *that* the monetary aggregates have been giving some very confusing signals. Despite some recent acceleration, the growth of M1 and M2 has been more or less satisfactory, but these series are distorted by disintermediation on a scale that dwarfs the acceptance leak in London. The monetary base has been growing much more quickly, and the reserves of the banking system, which are under the control of the Fed, faster still. Even on the assumption that the Fed is expecting a sharp decline in economic activity and is tailoring its policies accordingly, the growth of the reserve base seems inconsistent with the intention of reducing the availability of credit.

On top of this, the new bond market scare—that high defence spending will postpone the economic downturn indefinitely—proved to be the last straw. *Major institutional* holders of long bond portfolios seem to be waiting for a substantially *higher yield level to emerge* before committing funds again.

Yet the plans for the 1981 U.S. *Budget ought to calm the* market's more extreme fears. The 1981 deficit, incorporating *higher expenditure on defence*, has been set at $16bn compared with nearly $40bn in the current fiscal year. It may be that it has been aimed so low in order to allow room for tax cuts as the elections draw nearer. But even so, the attempt by a U.S. administration to reduce the deficit as the economy enters recession suggests a genuine change in official attitudes.

To some extent the dollar's stronger performance reflects high short-term interest rates and the improving U.S. trade position; for once, though, foreign dollar holders seem more optimistic about U.S. inflation than the domestic markets. The bond market's swing from being complacent to being demoralised may indeed have been exaggerated. But there is a real chance that the delayed downturn in the economy, when it does at last arrive, will turn into no more than a severe bout of stagflation—so far the evidence that *inflationary pressures may be* slackening has been even less convincing than the tenuous *signs of slower growth*.

Index rose 1.2 to 453.6



Food retailers

The price cuts announced by Asda yesterday have bearish implications for the food retailing sector. Obviously there is a large measure of public relations in th emove, especially at a time when the company is moving further South with its new stores, and its big competitors (in public, at least) have dismissed the news with a carefree laugh. But there is *no room for a change in sentiment* in a stock market sector which has been so firm for so *long—food retailers formed* the best performing industrial group in 1979. The assumptions on which these gains were based have now been challenged.

Although the major companies have maintained the competitive pressure which started with Tesco's price cutting campaign in 1977, the screws have not been tightened in the last year or so. And there had been some thought that gross margins might be allowed to rise a little later this year ni response to what could turn into an unpleasant costs squeeze. Food prices are currently rising at an annual rate of 12-15 per cent, which is well behind general retail price inflation—17 per cent and rising. To make things worse, the food retailers have settled for wage increases which will push payroll costs up at an annual rate of about 25 per cent between Spring and Autumn this year. High interest rates are not the bonus they were now that the companies are beginning to spend more on new stores than they are generating out of cash flow. And there is at least a possibility that the Chancellor might be considering changes in the system of stock relief from which the retailers have gained so much in recent years.

Asda which claims with some justification that its prices are already lower than its competitors', is making cuts which, according to some estimates, knock half a point ff its gross margin. This will not affect its ability to ride through 1980 with higher profits, and the same applies to Tesco and Sainsbury. But on current spending plans the food retailers will be building the equivalent of roughly one new Tesco chain within the next three years. With little in the way of overall volume growth, it looks as though there is a hard slog still to come.

Oil prices

Yesterday's rise of $2 a barrel in Saudi Arabian Light marker crude to $26 a barrel, backdated to January 1, is a belated adjustment by the Saudis and bears no relation to the current depressed state of the world oil market. The mild winter on both sides of the Atlantic has led to a pile-up of stocks, and a sharp decline in the spot premium from the peaks touched in November and early December. The spot market incrude has shifted from f.o.b. the Gulf to c.i.f. somewhere much nearer voyage's end—at present, more likely the Caribbean than brimful Rotterdam.

It is rumoured that Arabian Light will be raised further to $27.60 a barrel on April 1, which should put a solid floor under crude prices, but could still leave some rival crudes looking a trifle expensive. Elsewhere the scene is set for a sharp contraction of margins at the downstream end of the market, where conditions could soon resemble those of 1978 rather than 1979.

At least the unwinding of the Saudi discount will remove the advantages of the Aramco partners—which has been showing up in the final quarter figures of the U.S. majors—and take some of the pressure off groups like Shell. Meanwhile the production oriented companies will by and large hold on to their higher prices and, as a note from brokers Kitcat and Aitken points out, the Middle East remains unstable enough to give shares like LASMO a distinct hedge value.

Kitson quits Labour inquiry

By Richard Evans, Lobby Editor

MR. ALEX KITSON, a leading official of the Transport and General Workers' Union and this year's vice chairman of the Labour Party, has resigned from the commission of inquiry into the party.

The resignation, announced yesterday in a letter to Mr. Ron Hayward, *general secretary of* the Labour Party, adds another twist to the internal party struggle over the setting up cf the inquiry which could change the future direction of the Labour Party.

Mr. Kitson's reason for resigning just as the commission *is* at last about to start work, is that as deputy general secretary-designate of the *TGWU*, he will be responsible for drawing up the union's evidence to the commission.

But the belief *among* many Labour MPs was that Mr. Kitson, a hardline Left-winger, had ben effectively "nobbled" by th efive trade union members of the commission, who include Mr. Moss *Evans*, Mr. Kitson's boss at the TGWU.

The union contingent has been *increasingly uneasy* about the commission's Left-wing bias and the trouble this has caused.

The *resignation* will be reported to the next meeting of the NEC on February 7, the day *before the commission starts* its work. It will be up to the executive to decide whether to leave the *commission one* member short or to replace Mr. Kitson. In either event, there will still be a *Left-wing majority*.

PLA may have to switch jobs from London docks

BY GARETH GRIFFITHS AND WILLIAM HALL

THE FINANCIALLY crippled Port of London Authority has warned that without a sharp improvement in working practices and implementation of the planned manpower reductions it will have to transfer its operations out of the Indian and Millwall Docks.

Last month, the Government announced that it had set a strict financial limit on assistance to the PLA—which is technically insolvent. The PLA is pursuing a five-year plant for recovery, but its short-term plan for 1979-80 is running badly behind scheduled. As a result, the PLA could soon breach the Government's cash limits.

Planned manpower reduction is running roughly 25 per cent behind schedule. Very little progress has been made towards the improved working practices agreed between the PLA and the trades unions under the 1979-80 Trade and Manpower Target Plan.

In addition, the PLA's financial plight has been accentuated by unofficial disputes, the *depressed economy, high* financing charges and the Government's refusal to countenance *capital reconstruction* by the PLA.

In a statement yesterday the PLA *board said* it would make a final effort to see whether the planned improvements could be achieved by the end of June. However, it said a contingency plan is being drawn up in case of failure.

The PLA has decided that unless it can get its short-term plan back on schedule very quickly, it will be forced to start transferring its operations at India and Millwall Docks to either the Royal or Tilbury Docks.

In 1978, the PLA proposed the transfer of work from the Royal Docks to India and Millwall but this was vetoed by the Government. The PLA said the reason that it now wanted to transfer out of India and Millwall to the Royal Docks was that it could be done much more quickly and cheaply.

The PLA added that it regretted the Government decision not to introduce a capital reconstruction at this stage. It believed such a reconstruction would be necessary.

PLA officials hope that yesterday's statement will have a *strong impact on the mood* at pay talks today with the two dockers' unions. The Transport and General Workers' Union has tabled a claim worth between 35 and 40 per cent and the *smaller* National Amalgamated Stevedores and Dockers Union a 30 per cent claim.

Work at the enclosed docks has been hit by a series of unofficial industrial disputes connected with the claims. Yesterday about 800 tally clerks went on a 24-hour lightning strike, bringing work to a standstill and affecting 13 vessels.

Two unofficial strikes have been staged by the TGWU and the employers are faced with a "potentially disastrous" official strike by the 1,000 NASDU members in the enclosed docks. NASDU has given the London enclosed docks employers a February 11 deadline to improve *substantially its pay proposals* or face an indefinite all-out strike.

The PLA dominates the employers association and it will determine the general level of *settlement*. The employers met on Friday to consider their position over the pay deal and have *said there is little room for* manoeuvre.

At present the offer is 10 per *cent new money* and a *further* 2 per cent in return for manpower cuts of 500. The settle*ment would be backdated to* January 1. Pay settlements at other ports are running at about 15 per cent.

Gold price falls on U.S. selling

By Peter Riddell, Economics Correspondent

THE PRICE *of gold continued* to fall yesterday, though trading was much less hectic than last week.

In London the price per ounce dropped by $35 to $635—$[illegible] less than the peak of a week ago.

The further weakness followed falls late on Friday and reflected profit-taking, particularly from the U.S. But there was continued buying interest in

European centres. The volume of trading was much lower than recently.

However, the price fluctuated sharply during the day within a *range of $640 and* $610. After the European close prices of about $625 were reported.

The foreign exchange markets were relatively quiet, though the dollar was generally firmer and sterling weaker than in the last few days.

Sterling ended 1.55 cents down against the dollar to $2.2485, while its trade-weighted index, measuring its value against a basket of other currencies, dropped 0.3 to 71.6.

Commodities and agriculture
Page 27

Motor industry imports top exports for first time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S BALANCE of payments in motor products went into the red for the first time in 1979. A surplus of exports over imports of £763m in 1978 turned into a £287m deficit last year.

The Society of Motor Manufacturers and Traders yesterday released figures showing that motor industry exports rose only 5 per cent on the 1978 level to £4.05bn last year.

Imports jumped 40 per cent to £4.34bn.

The major factor in the turnround was a 12 per cent fall in car exports from £924m to £817m which contrasted with a 46 per cent rise in imports—from £1.77bn to £2.58bn.

The car assembly industry continued to be plagued by industrial disputes, including the hauliers' and engineering workers' disputes.

This gave it problems in providing products for a booming home market where new car *registrations* reached a *record* 1.71m. Ford, the market leader in the UK, went through the year with relatively few industrial problems but had started with little stock and a struggle to regain its market share after the prolonged strike in the autumn of 1978.

Iran was the major market in 1978 so it was to be expected that its political upheavals would have an impact last year.

Talbot UK had been supplying about 100,000 car kets a year worth well over £100m for local assembly in Iran. This trade was first interrupted by the revolution and then, when shipments were due to resume, byt a dispute lasting several weeks at Talbot.

Tre largest increase in car imports, is from "captive" imports from UK-based manufacturers who are assembling outside the UK. Ford brought in 237,009 built-up cars from West Germany, Belgium and Spain. This represented 13.8 per cent of all the 1.71m cars registered in Britain last year and 48.8 *per cent of all the* Fords registered.

Talbot's imports also increased substantially last year, from 17,912 cars representing 16 per cent of its sales in 1978 to 36,361 cars or 30.4 per cent of sales.

BL's imports from Belgium rose from 15,689 to 16,751 cars and from4.19 *per cent to* 4.97 per cent of total sales.

Only Vauxhall, the General Motors *subsidiary*, imported fewer cars under its British badge last year. They dropped *from 35,190 to 17,600, or from* 26.8 per cent of sales to 15.7 per cent.

This was maianly because of a switch of Cavalier assembly from Belgium to the UK.

Apart from cars, *all* other motor products showed favourable trade balances last year.

Commercial vehicle exports worth £619m compared with imports worth £373m; exports of *motor components* and accessories were valued at £1.913bn and imports were £1.149bn. Exports of other *motor products* were worth £702m and imports £234m.

Weather

UK TODAY

Rather cloudy, drizzle is likely near western coasts. Rain expected in North.

London, S.E. England, East Anglia, C.S. England, Midland East, Midland West, Channel Islands

Rather cloudy but mainly dry, some brighter interludes. Wind S.W. light. Mild—Max. 8C-10C (46F-50F).

S.W. England, South Wales, N. Wales, N.W. England, Isle of Man, S.W. Scotland

Rather cloudy, hill and coastal fog patches. Some coastal drizzle. Wind southwest light or moderate. Mild—Max. 7C-9C (45F-48F).

Lake District, Glasgow area, Argyll, Ireland

Mostly cloudy, rain in places, hill fog. Wind southwest light or moderate. Mild—Max. 7C-9C (45F-48F).

Outlook: Outbreaks of rain. Bright, dry periods also.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	12	54	Locarno	S	3	37
Algiers	C	19	66	London	C	4	39
Amsdm.	C	0	32	Luxmbg.	C	−4	25
Athens	S	4	39	Madrid	C	10	50
Bahrain	S	19	66	Majorca	C	12	54
Barclna.	C	12	54	Malaga	C	17	63
Belfast	Fg	7	45	M'chstr.	R	3	37
Belgrd.	C	−2	28	Melbne.	C	29	84
Berlin	F	−5	23	Mex. C.	S	23	74
Biarritz	S	15	59	Milan	C	5	41
Bmghm.	R	4	39	Montreal	S	−9	16
Blackpl.	R	3	37	Moscow	S	−19	−2
Bordx.	S	8	46	Munich	F	−5	23
Bristol	F	7	45	Nairobi	S	23	73
Brussels	C	1	34	Naples	S	11	52
B. Aires	S	24	75	Nwcstl.	C	2	36
Cairo	S	18	64	N. York	S	2	36
Cardiff	C	6	43	Nice	C	11	52
Cas'b'ca	S	18	64	Oporto	F	16	61
Cape T.	S	23	73	Oslo	C	−8	18
Chicago	S	−15	−8	Paris	F	3	37
Cologne	C	−1	30	Perth	C	28	84
Cpnhgn.	C	−1	30	Prague	F	−5	23
Corfu	S	7	45	Reyklvk.	C	2	36
Dublin	C	10	50	Rhodes	F	9	48
Ednbgh.	C	1	34	Rio J'o	C	26	80
Faro	C	16	61	Rome	S	13	55
Florence	S	18	64	Salzbrg.	F	−1	30
Frankft.	C	−2	28	Singapr.	S	31	88
Funchal	F	19	66	Stckhm.	F	−12	10
Geneva	S	1	34	Strasbg.	F	−1	30
Gibrltr.	C	15	59	Sydney	S	27	81
Glasgow	C	2	36	Tangier	F	17	63
G'msey	S	4	39	Tehran	S	3	38
Helsinki	S	−14	7	Tel Aviv	S	18	64
H. Kong	C	19	66	Tokyo	C	13	56
Innsbrk.	F	−3	27	Toronto	C	−4	25
Invrnss.	C	1	34	Tunis	F	15	59
I.o.Man	C	8	46	Valencia	C	14	57
Istanbul	Sn.	0	32	Venice	F	5	41
Jersey	S	3	37	Vienna	S	−4	25
Jo'burg	S	24	75	Warsaw	C	−8	18
L. Plms.	S	19	66	Zurich	F	−2	28
Lisbon	F	13	55				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Rubber

months of this year, although negotiations had reduced this to between £325 and £330 a tonne, ISR said.

Esso Chemical, which produces about 80,000 tonnes a year of butadiene and supplies roughly half ISR's annual needs of 100,000 tonnes, said its increase was in line with butadiene price rises throughout Europe.

It refused to give details of its price negotiations with ISR but said the increase it had requested was between 6 per cent and 7 per cent.

It added that U.S. butadiene prices for the first three months of this year were 11 per cent up on the final three months of 1979.

Esso *shipped butadiene—produced* at its plant at Fawley near Southampton—to the U.S., *where it* was sold at the prevailing market price. That Esso Chemical said, was broadly in line with the European price.

Esso Chemical said butadiene was normally made from naphtha, which in turn is produced from oil. The butadiene price had risen as a result of substantial increases in the cost of naphtha feedstocks.

ICI said it had had to pass on its own feedstock cost increases in the form of higher prices. It added that it had been supplying ISR for some 15 years at prices that had sometimes been more favourable than the general level in Europe.

The contract price of naphtha rose by about 25 per cent at the start of this year, moving from around $300 to $310 a tonne to $375 to $380 a tonne. At the time the major chemical producers warned that this would inevitably force them to raise their own product prices.

Continued from Page 1

Steel strike

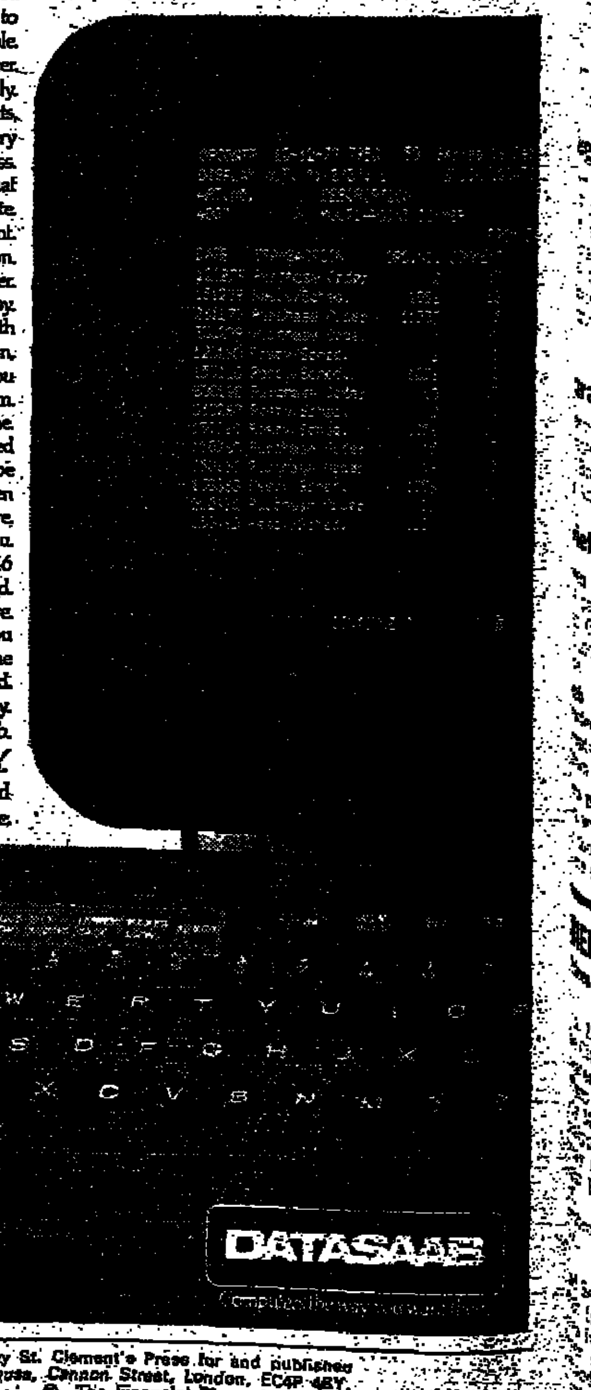
yesterday to hear their report of pay discussions on Sunday. But the improvements that BSC has offered have already been outlined to the ISTC and NUB, whose general secretaries have rejected them

Mr. Murray may, however, persuade Mr. Sirs and Mr. Hector Smith of the Blastfurnacemen to talk again

Yesterday the BSC wrote to Mr. Sirs, outlining its latest position.

The corporation is now arguing that its offer means that most workers should get an 18 per cent wage rise out of local and national increases, with some getting as much as 22 per cent.

Formally the offer stands at 8 per cent at national level in return for concessions and a minimum of 4 per cent from locally negotiated lump sum bonus schemes.



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